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Insurance Is Not Low-Paying Business According To OASI Data, Researcher Says

A study of 1955 data produced by the U. S. Bureau of Old Age & Survivors Insurance strengthens findings from 1953 and 1954 statistics "that the insurance industries offer very good opportunities for advancement," Theodore Bakerman, director of the bureau of research of Duquesne University's school of business administration, told American Assn. Of University Teachers of Insurance at its annual meeting in St. Louis.

As data for later years become available, he said, they should be watched to see if the leading position of insurance is maintained. If the findings for the years 1953-55 are borne out, "then it should become increasingly difficult for the myth that insurance is a low-paying industry to be maintained."

Mr. Bakerman breaks down the insurance business into two parts, insurers and agents-brokers-services. The median annual wage in 1955, the latest year for which earnings data were available, was $5,000 for agents-brokers-services. For insurers the median was $5,200.

The $5,200 is exceeded by the median in eight industries. They are holding and other investment companies, security and commodity brokers, telecommunications, radio broadcasting and TV, miscellaneous services, pipe line transportation, printing, publishing and allied, and products of petroleum and coal.

The $5,000 is exceeded by all of the industries mentioned plus the rubber products industry. It is equalled by four industries—crude petroleum and gas, transportation equipment, instruments and related products and air transportation.

Insurance company salaries rank within the top 6% of industries in the U. S. in median wages. Because median wages for agents-brokers-services are the same as those in a number of other industries, it can be said that this part of the insurance business ranks in the interval between the upper seventh and 14th percentiles of American industry.

Though the insurer part of the business ranked higher than agents-brokers-services in median wages, the situation is reversed in the proportion of those in the $8,400 and over class. Obviously, Mr. Bakerman said, the dispersion of wages above the median is greater for agents-brokers-services. While 17.6% of the male four-quarter

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Asks Federal Look At Anti-Trust Aspects of Insurer Nuclear Pools

The American Public Power Assn. has asked the Justice Department and the Federal Trade Commission to look into the possible anti-trust aspects of the operations of the three nuclear insurance pools.

The association's action was based on a complaint by one of its members, Consumers Public Power District of Nebraska. This organization said it was being compelled to buy from Nuclear Energy Property Insurance Assn. an all risk package form at a charge of $75,000 to $100,000 in excess of the cost of the conventional property coverage the organization believed adequate.

Consumers is installing conventional steam plant equipment on the same site in Hallam, Neb., where the Atomic Energy Commission is financing a power reactor to connect with Con-

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Harry McClain Is Ind. Commissioner

The new insurance commissioner of Indiana is Harry E. McClain, who for the last 21 years has been secretary of Indiana Assn. of Insurance Agents and who served as Indiana commissioner from 1933 to 1937. He is probably the best known insurance man in Indiana.

Harry McClain

Mr. McClain started as manager of the insurance agency of Farmers National Bank of Shelbyville, and in the ensuing 10 years developed a large volume of business, chiefly by the use of advertising. At the same time he was active in Democratic politics, becoming city clerk of Shelbyville. He was one of the prominent workers in the ranks of Indiana Assn. of Insurance Agents.

Was Life Manager

In 1933, Mr. McClain was appointed insurance commissioner to a term that expired in 1937. He succeeded J. C. Kidd of Brazil, whose son, Linn, was later president of the Indiana association for two terms and then for several years was its state national director during the reign of Mr. McClain as executive secretary.

After leaving the commissioner's job Mr. McClain went with Pan-American Life as manager at Indianapolis, and in 1939 he was appointed executive secretary of Indiana Assn. of Insurance Agents.

Under his administration, the Indiana association developed into one of the outstanding units of National Assn.

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Standard Accident, Reliance Plan Stock Exchange

Offer Comes Two Weeks After Negotiations With The Fund Called Off

Directors of Standard Accident at a special meeting Jan. 5 agreed to recommend to stockholders acceptance of an offer to exchange Standard Accident stock for Reliance stock on a share for share basis.

The offer by Reliance will be subject to approval of the regulatory authorities and acceptance by 80% of the outstanding stock of Standard Accident.

Standard Accident would continue as a separate company with no merger contemplated into Reliance.

When the negotiations between Standard Accident and Fireman's Fund were terminated only two weeks ago, Standard Accident was left high and dry and known to be on the market. Reliance was able to come in with a good offer in a short time.

Formal Offer In 60 Days

A formal offer will not be made for about 60 days. Reliance has 1.200,000 shares authorized and outstanding and Standard Accident has 492,626 shares of $10 par outstanding.

Only two weeks ago announcement was made of the plan of Reliance to exchange stock with Standard Fire of Trenton at a rate of 2-1/5 shares of Reliance for one of Standard. Previously Reliance acquired General Casualty of Madison and Hoosier Casualty.

Non-Members Buying Manuals At Higher Rates, Bureau Says

More than 250 non-member companies purchasing rule and rate manuals of National Bureau have already made financial arrangements with the bureau to purchase manuals for one or more lines under the revised charges which became effective Jan. 1, according to William Leslie Jr., general manager. The bureau quoted several companies as indicating the favorable tenor of the replies of executives to the new arrangement.

"We have long recognized the inequity arising out of the situation where we avail ourselves of all of the actuarial and research work involved in determining proper classifications and rates for automobile insurance coverages without making financial contribution thereto except for the payment of the nominal price for the printed materials," one company wrote.

"We agree that we should pay our fair share of bureau-developed prod-

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E. D. Lawson (center), retiring vice-president and manager of the western department of Fireman's Fund, receives from Herman P. Winter of America Fore a testimonial plaque at the luncheon at Chicago last week marking Mr. Lawson's retirement. At left is C. N. Mullican, successor to Mr. Lawson as head of the Fund's midwest operations. (Story on page 5.)

Gengras-Huber Team Now Claims Control Of New Amsterdam

In a letter to New Amsterdam Casualty stockholders, George F. Huber Sr., Wilmington, Del., holder of a large block of the shares, stated that the group led by himself and E. Clayton Gengras, president of Security of New Haven, now has 52% or 258,413 of outstanding New Amsterdam Casualty stock. Control of the company has thus shifted to his group, Mr. Huber stated.

He said that 104,000 shares are owned by his family and associated interests; 38,465 shares are personally owned by Mr. Gengras; 90,948 shares by persons and concerns associated with Mr. Gengras, and 25,000 shares by independent stockholders known to be favorable to the Huber-Gengras group.

The Huber letter forecasts "prompt action to bring about needed changes in New Amsterdam Casualty management after the Home merger is rejected in a stockholders meeting set for Jan. 20." Since more than two-

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Corporate Risk Can Be Measured Much More Precisely Than Is Being Done

If the quantitative and precise measure of risk is, in terms of man's long experience with risk itself, a comparatively recent affair, a similar lag seems to exist in the application of quantitative principles to the practice, technique and theory of corporate risk measurement, Robert A. Rennie, vice-president of Nationwide Mutual in charge of research, told the annual meeting in St. Louis of American Assn. of University Teachers of Insurance. He suggested approaches to such measurement which may aid in closing the gap.

The first proposal would relate risk measurement more closely to the essential decision-making processes of the firm. A second calls for more precise and extensive use of probability and sampling theories in corporate risk measurement. Few people disagree on the significance of risk to the business firm, or on the need for its control or mitigation, Mr. Rennie said. But there appears to be no such agreement on the scope and definition or risk

Risk refers to the possible outcome of action, specifically to the loss that might be incurred if a given action is undertaken; uncertainty refers to management's confidence in its estimates or expectations. Risk arises from changes that can be foreseen or predicted in accordance with the laws of probability, whereas uncertainty involves situations that are unforeseen or unpredictable.

Risk vs Uncertainty

Mr. Rennie believes the distinction between risk and uncertainty has become too static. Too rigid a difference is made between the uncertainty-bearing functions of top management and the risk-management functions of corporate risk managers.

Some of the "insured chronological stabilization plans" indicate to some extent how far it is possible to go in this direction. And when risk managers acquire the knowledge or the ability to measure the chance of an unpredictable change, it becomes a risk rather than an uncertainty.

Not only has the possibility of converting certain events into objective risks been neglected, Mr. Rennie noted. Conversely, the ability of risk managers and insurers to measure the risk inherent in specific situations through the application of formal actuarial principles often has been overstated. The objective probabilities of loss are not so readily measured as so often has been supposed. Actually, the dichotomy of risk and uncertainty may have outlived its usefulness. Any business enterprise is faced with varying degrees of uncertainty in dealing with both insurable and non-insurable classes of risk.

Uncertainty Varies

Uncertainty varies both as to the amount of the losses which could possibly eventuate and as to the estimate of the probability that these losses will actually occur. For any specific risk, this uncertainty may range across the spectrum from complete lack of knowledge as to whether a given loss will possibly eventuate to virtual certainty that it might occur. The same risk may be subject to a similar range of uncertainty surrounding the estimates of the probability of actual loss.

The significant fact to be noted, Mr. Rennie said, is that the parameters of the probability distributions of all corporate risks are estimated with differing degrees of confidence. It is the function of risk management not only to improve the accuracy of those estimates, but also to reduce the elements of uncertainty in management's estimates or expectations.

The question now arises as to the

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Carl Hulbert Joins NAII As Western Counsel

Carl A. Hulbert, who resigned Jan. 1 as Utah commissioner, has joined National Assn. of Independent Insurers as western counsel. He will provide liaison with member companies, insurance departments, and local legislative representatives in NAIC Zone Six states plus other western states. His office is at 1055 East Twenty-First South, Salt Lake City.

Carl A. Hulbert

Mr. Hulbert served as Utah commissioner from May, 1958, to January 1961. He was active in the affairs of NAIC, including the Gerber subcommittee. He was graduated from the University of Utah in 1949 and was admitted to the Utah bar in 1950. Since 1951 he has practiced insurance law. He formed Hulbert Adjusting Co. of Salt Lake City, and has served as claims manager for two insurers and as an agency sales manager.

Springfield Buys Standard Of Tulsa

Springfield-Monarch group has purchased all of the outstanding stock of Standard of Tulsa. Standard is licensed in 28 states but a major portion of its business, 85% casualty, originates in Kansas, Oklahoma, and Texas. Its principal lines are workmen's compensation and automobile. It had direct premiums in 1960 of $9 million plus, from 600 agents.

The purchase, Springfield-Monarch noted, will make available casualty facilities in several states where the group's casualty facilities and writings have been extremely limited. Springfield-Monarch's life, A&S, and fire capacity are made available to Standard agents.

Standard, of which Ben Voth is president, will continue to operate as a separate entity. The southwest regional office of Springfield-Monarch is expected to be moved from Kansas City to Tulsa.

Life, A&S May Pay More Of Air Crash Than Fire-Casualty

NEW YORK—The total insurance cost of the crash of two airliners over New York City last Dec. 16 is likely to run larger than any aviation accident in history. This was the worst air disaster in history. It took 137 lives, nine on the ground, and destroyed a dozen buildings in Brooklyn where many of the pieces of the jet landed.

However, it is considered a possibility that, with the $5 million United Airline jet hull paid by self insurance and therefore withdrawn from effect on the commercial insurance market, life and A&S insurance policies will pay more as a result of the crash than the hull and liability insurers. If this does not eventuate, the figures are apt to come closer to doing so than those of any previous disaster of a similar nature.

Life and A&S coverage will pay well over $8 million. Of this amount, life insurance accounts for more than $5,740,000 and A&S for more than $2,372,000. More than $1 million was on trip policies purchased at airports. The remainder of A&S coverage affected was made up of commercial accident policies, group accident contracts, and individual travel coverage. These figures were compiled by Institute of Life Insurance and Health Insurance Institute just before year end. Other claims were expected to show up under group coverages, both

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No Percentage Rate Cuts In Ore., Interpret Subscriber Rule Strictly

The Oregon department is standing firm on its decision to reject filings of percentage reductions by independent auto insurers from the base rate of National Bureau and NAUA.

The department maintains that the proposed filings of reduction in rates are tantamount to the start of a rate war and are not justified by experience. The National Bureau safe driver plan was approved, it is explained, on the theory that debits and credits based on driving records are designed to offset each other.

Allstate Fire Hearing

The Oregon hearing on Allstate's filing of a 15% deviation in commercial fire rates, scheduled for Jan. 11, has been postponed at the request of the attorney general until Feb. 15. This will be an open hearing.

The department ruled a bureau subscriber may not deviate from bureau rules, rates and forms, and disapproved the Allstate filing. If a bureau subscriber desires to act independently in a given class, according to the department's thinking, it must withdraw from the bureau for that class and file completely independent rates, rules and forms. The department holds that a subscriber may not deviate from the bureau, and a company which withdraws for one or more classes may not use bureau schedules in any way in preparing its rates, rules or forms. In order to prepare an acceptable commercial filing under this theory, Allstate would have to develop its own commercial schedules, rating formula, manuals, etc., and submit a filing completely unrelated to material developed by the bureau.


Q. Mr. Merrill, why does Merrill, Appelgate and Co. write nearly two thirds of its insurance with INA?
A. Because INA has helped us keep two jumps ahead of the direct writers.
Q. How?
A. Well, take the Homeowners Policy. It wasn't invented by a direct writer. It was invented by INA.
Q. Yes, but many companies now have homeowners policies—even some direct writers.
A. Sure, but just compare their coverage. You can't find a broader policy at less cost than the INA Homeowners Policy. Here in New Jersey, INA has just cut the cost again—by 20%!
Q. Is it just the policies themselves that make you favor INA?
A. It's INA's whole way of doing business. Take the new direct billing system for the INA-Champion auto policy. It cuts our bookkeeping costs, cuts the cost to the customer, yet keeps complete control in our hands.
Q. So far, you've talked about personal lines. Does your agency handle business risks?
A. Definitely. Although we're a suburban agency, 40% of our volume is in business lines. We can offer a complete insurance program to any-sized firm, thanks to INA's capacity and full-line facilities.
Q. What about claims service?
A. Now you're talking! You know, the customer tends to judge his agent by the claims service he gets. With INA, we look awfully good!

Variations In Policy Forms Could Pose Problems On Meaning, Intent

By JOHN N. COSGROVE

The meaning and intent of policy language—always a formidable problem—is now becoming an even more serious consideration. In the past, ambiguity has cost insurers untold sums paid out in claims and legal actions, and immeasurable loss of prestige through adverse public reaction.

Now, the tempo of introduction of multiple peril property coverages (or changes in them) is daily being speeded. Simultaneously, there is an avalanche of deviation filings relating to these multiple peril covers or to other property insurance policies.

Unprecedented competition has produced this bewildering assortment of covers with individual company variations. Sales promotion is the spur to broadened coverage in one company's policy or to the elimination in another company's of restrictive clauses or qualifying provisions.

Army Of 'Form Drafters'

In addition there seems to be a growing army of "form drafters," equipped with scissors and paste pots, who are busy producing new sales weapons by combining several forms of coverage.

One example of modern techniques is found in the several so called "all risk" types of endorsement used in connection with building, and sometimes contents, coverage. Some of these endorsements attempt to absorb or replace the EC form by combining its perils with the "all risk" concept. However, when various exclusions of coverage and perils are adapted from lush inland marine language and from other long accepted verbiage, the final product necessarily must contain substantial printed sections of exclusions to "all risk." These will confound the agent trying to sell the coverage, will befuddle the hapless customer who tries to understand his policy, and will thwart the adjuster when he has to "deliver" under the contract's terms.

Legal Impact

With more complex and endlessly varied forms appearing with greater frequency, it is reasonable to expect that even more cases will go to court. In the past, the court's first maneuver was to turn to precedents, practically all of which were comprised of cases involving established forms mostly produced by bureaus. But with hundreds of companies issuing forms that are "different" where will the courts turn for precedents? Court dockets are already jammed with third party liability suits involving insurers. Is it possible that the business is now in the process of aggravating delay in the courts by more complicated first party law suits? This would seem to be the result if courts are faced with the necessity of construing innumerable new forms with little or no precedent to guide them.

Judges are inveterate form redrafters, as any underwriter can attest. If judges are faced over the years with endless variations in individual company policies of the same general class, it is quite possible that they will do some redrafting to bring the meaning and intent of such policies closer together, thus partially defeating current efforts of individual company form drafters to make them different. Judges may do this in reaching for precedents in the new era.

H. C. Foster of Utica Mutual, writing in "For the Defense," published by Defense Research Institute, has provided cogent comment on "judicial form drafting." He notes that the underwriting committees of bureaus advise the joint forms committee of their intention respecting the scope of coverage desired in any liability policy. The forms committee then translates these intentions into appropriate policy language. The underwriters, however, are often amazed at court decisions misinterpreting their intentions, even where it was generally agreed that the intentions were expressed in clear, unambiguous language.

Court Interpretation

In illustration of his point, Mr. Foster cites Kendrick vs Mason 99 So. 2d 108 (Louisiana, 1958). Here the court ruled that the defendant's general liability policy covered him for negligence. He was a contractor, but had not purchased products liability which, among other things, provides coverage for accidents arising after work is completed. The accident involved in this case happened under such circumstances.

The insurer's exclusion in the policy involved applied to the products hazard, which was defined in the policy and specifically includes the "completed operations" hazard. The court, however, said that "products" only meant tangible goods and hence the exclusion had no effect on "workmanship" or "completed operations." Mr. Foster noted that a temporary stop gap by endorsement was provided by the forms committee until the next revision of general liability policies. The endorsement specifically provides that "completed operations" is included in the products liability coverage. In this case, as in many others, the court was a real innovator in policy language.

This example, involving a long established form, shows how language which is perfectly clear to underwriters is not necessarily so to courts.

Mr. Foster has also cited the action of Fidelity & Guaranty vs Dante Fratarcangelo, 112 S.E. 2d, 892. In this case, a plumber had sold a customer a used boiler which he had repaired. The plumber installed the boiler, but when the customer lit a fire under it for the first time, the boiler exploded. The plumber did not have products-completed operations coverage. However, the court held that the premises-operations coverage of the policy covered him for this accident on the grounds that operations were not to be deemed completed until the customer had tried out the purchased equipment at least once. This was another real tour-de-force by a court in misreading plain, unambiguous language, in Mr. Foster's view. But there was nothing much that could be done except add a few clarifying words when the policy was revised.

Other Complications

This latter observation of Mr. Foster emphasizes that simplicity and clarity in policy forms are not always attained by using fewer words. In fact, he has concluded after considerable thought

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Doti Is Named V-P Of Marine Office

Marine Office of America has appointed Joseph E. Doti a vice-president. After Feb. 1 he will have supervision of marine protection and indemnity claims and related matters.

Joseph E. Doti

Since 1958, he has been vice-president and secretary of the United States P.&I. Agency. He joined the agency in 1946 after Coast Guard service during World War II. He is a member of the New York state and federal bars.

Mich. Survey Indicates Courts Are Too Lenient On Death-Car Drivers

Strong evidence of traffic law enforcement laxity, possibly tending to increase both personal injury and property damage losses, was presented in a survey report publicized by the Michigan State University highway traffic safety center.

The report, on which James E. Carnahan of the Colorado State Patrol conducted the research, showed that only one of every 25 surviving drivers in Michigan fatal accidents ever goes to jail on any charge. The survey covered 1,940 fatal accidents in 61 Michigan counties during 1957-58.

"Drivers involved in Michigan fatal accidents slip through the widespread fingers of traffic enforcement, from the level of the original police investigation to that of the black-robed circuit judge," the report stated. "Even if prosecuted and convicted—which few are—many of those blamed for fatal crashes receive only small penalties."

Actual sentences, it was noted, usually are probation or restricted driving despite charges carrying penalties up to 15 years' imprisonment. Trooper Carnahan ascribed this to public apathy toward traffic prosecutions, together with official hesitancy and failures. He noted that enforcement officials agreed that a "traffic violation is not considered by the public to be a crime, and people are reluctant to convict a driver of a serious charge for this violation."

Rene Claudon, V-P Of Industrial Indem., Retires

Rene M. Claudon, vice-president of Industrial Indemnity, has retired after 26 years in the business. Clarence G. Johnson succeeds Mr. Claudon as claims head.

Mr. Claudon began his career in 1934 when he joined Liberty Mutual at Boston as a claims adjuster. He subsequently held claims positions in that company's Milwaukee, Kansas City and Chicago offices.

Mr. Claudon joined Industrial Indemnity in 1951 as home office claims manager and was promoted to claims vice-president in 1954.

Michigan Field Men To Meet

Michigan Capital Stock Insurance Assn. will meet Feb. 7 at Grand Rapids. Casualty field men will be welcomed into the association at that time.

E. D. Lawson Honored As He Exits Insurance Scene After 47 Years

Honors were accorded E. D. Lawson, retiring vice-president and western manager of Firemen's Fund by a group of his business associates last week at the Union League Club, Chicago. Sponsors of the affair were seven of the company organizations with which Mr. Lawson has been identified as an officer or member—Western Adjustment, Oil Insurance Assn., Western Actuarial Bureau, Cook County Loss Adjustment Bureau, Underwriters Salvage Co., Underwriters Adjusting Co., and Factory Insurance Assn.

The master of ceremonies was Herman P. Winter, vice-president in the western department of America Fore. He made the presentation of a plaque to Mr. Lawson on behalf of the seven hosts.

In response, Mr. Lawson said he would resist the temptation to sound off at a time when his remarks would not have to have prior home office approval, and he refrained from expressing his ideas for improving the business, most of which "have failed for want of a second."

Mr. Lawson's insurance career extends over 47 years. He started with William H. McGee & Co. in New York after receiving an engineering degree at Cooper Union. In 1923, Mr. Lawson opened the Chicago office of W. H. McGee and was for a long time the most active marine man in the middle-west, going in the field to enlist agents in the ranks of producers, maintaining that it was not necessary for waves to inundate the porch for business to be classified as marine. He was vice-president of W. H. McGee & Co., and a director of transportation when he went with Fireman's Fund in 1930 as manager of the western marine department. In 1938, Mr. Lawson was given the added responsibility of supervising the fire business of the Fund in the west, and four years later he was elevated to vice-president and placed in charge of the company's entire midwest operations. Subsequently he was made senior vice-president and a member of the company's executive council.

Chicago Mariners, the first of such organizations that have grown up across the country, was organized by Mr. Lawson and six other marine men 25 years ago. Mr. Lawson was the first skipper of the Chicago port.

Mr. Winter referred to Mr. Lawson as "the man in a hurry." Mr. Lawson has a wide range of interests, having an adeptness at crafts such as cabinet-making; he is known for his ability in oil and water colors; he is renowned as a sailor on Lake Michigan and is able to handle the mechanical work on his own yacht. He is a former police and fire commissioner of Park Ridge and was a commissioner of the north-west suburban council of the Boy Scouts.

Shiele To Pacific National Group To Develop Bond Sales

Franklin E. Schiele has joined American Surety and Pacific National Fire in the agency and production department in New York as an assistant secretary in charge of fidelity and surety bond development on a national basis.


Franklin E. Schiele

Mr. Schiele's background in the bonding field includes more than 19 years in sales and administration. For several years he has been with Seaboard Surety as a vice-president.

New Edition Tells Costs Of Running An Agency

The new edition of What It Costs to Run an Agency, published by Rough Notes Co., shows that agencies of all sizes except those with premium writings between $400,000 and $1 million are plagued by higher expenses, with the small agencies suffering the most.

Data compiled from questionnaires answered by thousands of local agents is contained in the new edition, which gives detailed income, expense, and contains charts which trace various net profit figures for agencies, all divided into seven size classifications. One innovation in the present study is that entertainment and insurance premiums are listed as separate items rather than being included with all other agency expenses as was previously the practice.

The book also devotes sections to office expense, sales expense, total net earnings and accounts receivable and trends of agency expense and net profit since 1935.

What It Costs to Run an Agency may be ordered for $2 a copy, less in quantities, from Rough Notes Co., 1142 North Meridian Street, Indianapolis 6, Ind.

Victory In Distribution Battle Will Be Conferred By Customer, Harger Says

The future of the independent agent can be bright, prosperous, and useful, or dark, niggardly, and unproductive, Kenneth H. Harger of Bowling Green, outgoing president of Ohio Assn. of Insurance Agents, recently told members of Cleveland Board. Which future it is to be will be determined by the agents' attitude and their course of action in the immediate future.

Mr. Harger believes the future will be bright if agents face it with cold, clear, objective, and imaginative thinking. However, it will be dark indeed if agents continue to use cliches to deal with problems, and continue to employ their emotions, often bordering

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Travelers Symposium Attracts College Men

A symposium on the insurance business and its challenges and changes was held in Hartford by Travelers during the Christmas holidays. More than 200 men from colleges and universities attended.

Planned especially for college men interested in opportunities in insurance, the day-long symposium included informal discussions on various phases of the business and its outlook for the future.

Sterling T. Tooker, vice-president of Travelers, told the group that insurance can offer as exciting a set of challenges as any other industry or business. Insurance is still conservative and represents relative security as business careers go. But Travelers and the entire business are sitting in the hot seat of growth, competition, federal investment, communications, marketing, processing and management. People who do not mind being where it's hot are being sought, he added.

L. M. Baldwin, vice-president of Travelers, noted that the future seems to hold a great promise for insurance and opportunities of such magnitude that they are limited only by the imagination, ingenuity and creativeness of future management.

Panel discussions were held on actuarial science, data processing, new product development, risk analysis, and marketing techniques. Richard E. Kane of Travelers personnel department was general chairman.

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Minnesota attorney general has ruled that a village is not required to advertise for bids when purchasing insurance covering village property.

Sterling T. Tooker, right, vice-president Travelers, and Richard Kane, left, of Travelers' personnel department, talk with two college students who attended the symposium held by Travelers during the Christmas holidays and learned of the vocational opportunities open to them in the insurance business.

More than 200 men from colleges and universities throughout the country attended a special day-long symposium on "The Insurance Business-Challenge and Change" held in Hartford during the Christmas holidays by Travelers.

Kemper Agency Assumes L.&M. Mutuals' Business

The James S. Kemper agency of Chicago has taken over the agency business of Lumbermens & Manufacturers Mutuals of Wisconsin.

Extension of the business from lumbering and manufacturing to other types of policyholders makes the change to a less restrictive corporate nature desirable, according to the Kemper agency.

Under the new organization of Lumbermens & Manufacturers, Jack F. Maloney becomes president, Harvey A. Buffalo vice-president, Miss Marion Eckstein secretary, and Mark Kemper treasurer. Clifford A. Kiracofe is assistant secretary.

E. L. Mulvehill Was Leading Figure In Reinsurance In Three Decade Career

The death last week of Edward L. Mulvehill, president of American Re, removes from the reinsurance scene a man who left a vital impress upon that highly specialized business over a 31 year period. This long record is all the more remarkable in view of Mr. Mulvehill's untimely death at the age of 59.

Nevertheless, in that period he managed to succeed in two different careers and to merge this varied experience in later years in his successful direction of American Re. His first career began in the early 1920s with Hemphill, Noyes & Co., New York Stock Exchange firm, where he gained intimate knowledge of investments. Later he became treasurer of Stranahan, Harris & Co., a Toledo house specializing in local government bonds.

In 1929, Mr. Mulvehill embarked upon his second career when he joined Reinsurance Corp. of America as executive vice-president. He assumed direction of the investment portfolio in the year of the market crash—an experience that served him well in ensuing years. In 1930, Reinsurance Corp. was merged into American Reserve, and Mr. Mulvehill, who was then only 29, became vice-president in charge of investments.

Broadens Interests

His interests soon extended beyond the financial into every phase of reinsurance operation. As an associate and close confidant of Thomas B. Boss, then president of American Reserve, he was groomed for a decade for the chief executive post with the company. Thus, when Mr. Boss died in 1940, Mr. Mulvehill, then only 39, became president. This marked the beginning of a 20-year career as the chief executive of reinsurance companies.

Control of American Reserve was bought in 1948 by American Re. The next year Mr. Mulvehill became president of the firm, which continued under the latter name.

As chief executive of the new affiliation he was faced with formidable problems. American Reserve had been a fire reinsurer and American Re a casualty and surety organization. To join these disparate interests and to reconcile the official families and staffs to a common effort was not easy in a day when mergers and affiliations were not so common as now, and precedents and guide lines were scarce.

Seemed Ordained For Job

Mr. Mulvehill, however, seemed ordained for that specific job. He had never been an underwriter or a reinsurance technician in any sense, but this proved an advantage and not a handicap. He brought the habit of deep analysis—gained from investment experience—to his task of wedding the companies and supplemented this ability by his personal characteristics of fairness and consideration of the interests of all involved.

Two of his special abilities served him particularly well at this juncture. He had always been noted for surrounding himself with able associates—a talent many other executives share. But unlike many of the latter, Mr. Mulvehill had the rare faculty of assigning a function to an associate and leaving the man completely alone until time to assess the results.

Although not a specialist himself, he could sit in conference with the best technicians, explore a subject with them and emerge from the meeting with a distillation of the best thinking of each participant firmly in mind.

Through the years he retained his interest in the financial side of the business. However, there were few better known figures among executives who had grown up in the "practicing end of insurance and reinsurance." He was on hand for many years at practically all of the important meetings and conventions of the insurance fraternity and served on numerous occasions as treasurer of the committee on arrangements for conventions of National Assn. of Insurance Commissioners.

Mr. Mulvehill leaves as tangible testimony to a long and fruitful career the American Re which he directed to its present status as a leading multiple line reinsurer. In achieving that goal, he earned the esteem of the business in general. More important, he gained the respect and affection of his associates—the most enduring tribute to an able executive and humane gentleman.

Aetna Life Group Raises Two Officers, Names Two

Aetna Life group has advanced Andrew Onderdonk to secretary of the purchasing and supply department and Robert H. Wiley to secretary of the field lease department. Two new officers were appointed, Kenneth F. McCreery assistant secretary, and John R. Rohrs assistant secretary of the accounts department.

Insurer Wins Case On Declaration Of Values Provision

The declaration of values provision in a furrier's block policy was tested in the appellate court of Illinois last month and was held to be binding on the insured. The case is American vs Maurice L. Rosenberg d/b/a Irmasam Furs & Goldsmith.

The furriers policy provides that property in custody of a common carrier is not covered unless shipped subject to certain conditions; namely, as regards property shipped by air freight forwarders, that a value declaration of not less than 25% of actual value of the contents of the shipping package but not necessarily more than $1,000 be made. In this case the insured declared a value of $750 on a package worth $5,790.

However, insured said his failure to perform should not prevent recovery because his incorrect value had nothing to do with the loss, the policy condition was immaterial to the risk, and the fact that a valuation had been placed on the package provided substantial compliance with the condition.

Primarily, insured contended that the provision constituted a condition subsequent, one that had to be performed after the contract became effective. The court said the terms are simply worded and were known to the insured as indicated by his attempt to comply. The policy did not become operative as to furs in transit until a proper declaration of value was made. "Since this condition was not met, we hold that the furs in transit were not covered by the policy. The parties in this case have provided in their contract that property 'is not covered' when in the hands of a public or common carrier, but the property shipped by air freight will be covered if certain conditions regarding value declarations are met. In the instant case the proper value declaration was a positive act to be performed by Irmasam before the insurance agreement became effective, and was not a condition subsequent based upon the happening of some event which might arise and operate to defeat or annul the contract after its formation."

While insured contended that the loss was not caused by his breach of the declaration clause, the court pointed out that the cases used to support this argument involved attempts to avoid policies because of an increase in hazard, which by its very nature is a condition subsequent.

Mean And Obvious Meaning

To the contention that substantial compliance is sufficient, the court said it could not place a construction on a contract that would be contrary to or different from the plain and obvious meaning of the language actually used. Insured said the deviation from polciy requirements did not cause the loss and did not increase the risk, but the court said that if this argument were to be accepted, then if insured had taken out a trivial amount of insurance, the policy would have been complied with so long as the risk of loss was not increased.

The insurer was represented by Jerome H. Torshen of Clausen, Hirsh, Miller & Gorman of Chicago, and insured by Hoffman & Davis.

Stellwagen To Speak At St. Louis Board Banquet

Herbert P. Stellwagen, executive vice-president of North America, will speak Jan. 23 at the annual installation banquet of Insurance Board of St. Louis.

Missouri Superintendent C. Lawrence Leggett will install the officers who are to be elected Jan. 17. Nominees are John Brodhead Jr., chairman; Charles W. DeWitt, president; Richard E. Haefer, vice-president; George D. Thomas, secretary; and James O. Holton Jr., treasurer.

Will Award Newspaper Man

A feature of the banquet will be the presentation of the board's award to the newspaper man who wrote the best feature story on insurance during 1960. The winner will receive an engraved certificate and cash award.

Appeal Oklahoma Mutual Restriction Case Jan. 23

The appeal of St. Louis insurance group from the holding of Commissioner Hunt of Oklahoma on the issue of whether the insurers must accept mutual policies on properties on which they are making mortgage loans will be heard Jan. 23. This is an anti-trust action. The St. Lōuis companies had restricted their loans to properties insured in stock companies, mostly not their own. Mutual agents of Oklahoma and Commissioner Hunt got an injunction.

Chicago CPCUs Hear Dithmer

Walter G. Dithmer, midwest director of Insurance Information Institute, spoke at the January meeting of the Chicago CPCU chapter. He presented his views of contemporary problems of insurance.

Expect Blackford To Continue Unconfirmed

LANSING—Predictions vary as to the Michigan senate's probable action in connection with the unexpected reappointment by Gov. Swainson of Frank Blackford as insurance commissioner.

Most industry insiders had anticipated that Mr. Blackford would follow his previously announced intention of leaving the department Jan. 1 to pursue his legal studies in Detroit. The new governor even had commented to that effect prior to taking office Jan. 1, but he announced Mr. Blackford's reappointment with his first batch of choices for administration posts.

Mr. Blackford was first appointed two years ago by Gov. Williams to fill out the unexpired term of Joseph A. Navaree, Jackson attorney, who resigned. He went unconfirmed by the senate, however, and the senate again failed to act on confirmation after Gov. Williams appointed Mr. Blackofrd for a full four-year term, expiring in October, 1963. The new appointment covers the same period.

Senate Republicans, who retain the same topheavy majority that they enjoyed in 1959-60, are expected to show a similar disinclination to confirm Mr. Blackford and some capitol observers are predicting a flat rejection which would force a new appointment. Others say that a change in personnel among the Republican senators, with five of Mr. Blackford's known political enemies removed from membership, may swing the balance in his favor.

Gov. Swainson, questioned about the appointment, called Blackford an "able administrator" who has "given the state highly commendable service" and he denied a rumored agreement to the effect that Mr. Blackford would remain in office only three or four months before yielding to another appointee. Mr. Blackford himself issued a statement to the effect that "being insurance commissioner has provided me with the most challenging assignment I have experienced in my 10 years in state government," and expressing his "deep appreciation of the opportunity provided me by Gov. Swainson to remain in the public service. . . ." He said he had "made no plans as to the length of my stay and the governor imposed no limitations on my tenure. My immediate concern is to clean up some of the more pressing problems with which the department is confronted. At the same time my law studies have a high priority. Should commuting to law school (in Detroit) become burdensome, I shall follow through with my original plans to seek employment in the Detroit area."

The Michigan commissioner draws a $12,000 statutory salary.

America Fore Loyalty Changes From GA Auto Distribution In NYC

Greater New York Brokers Assn. has asked the New York department to investigate complaints that America Fore Loyalty group's proposed change in its retail distribution of automobile insurance in New York City is a "plan to boycott both producers and consumers."

According to C. Joseph Danahy, counsel for the brokers, America Fore is discontinuing writing auto liability through general agents in the city and proposes to write these lines for brokers, "provided the brokers could obtain releases from the general agents."

A spokesman for America Fore Loyalty said that the recent determination to reexamine general agency arrangements for auto insurance on the West Coast, in the midwest and in metropolitan New York was a result of careful management study and "in no sense constitutes a boycott of producers or the public."

The group writes, exclusively through agents and brokers, about $200 million annually of automobile insurance countrywide and about $40 million in New York state, of which approximately $26 million is in New York City and suburban territory.

The change in the general agency arrangements in New York City will concern less than 10% of the group's New York state automobile business, and it is expected that only a fraction of this 10% will be affected.

The group intends to continue to insure acceptable automobile risks in the New York City and suburban area and elsewhere without unfair discrimination between agents, brokers or the public, the group's spokesman declared.

There is no way in which a broker can compel a general agent to execute a release, Mr. Danahy wrote the department. He stated that the America Fore action "would amount to a knockout blow insofar as the automobile liability insurance market in the city of New York is concerned." He went on to deplore big insurance company mergers. He asked the department to call a public hearing "so as to nip in the bud this proposed boycott."

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New Reinsurance Firm Formed By Earle W. Deacon

Deacon & Co., reinsurance consultants and intermediaries, has been formed at 188 Nassau Street, Princeton, N.J. Earle W. Deacon is president. Deacon & Co.'s activities will be international in scope.

Mr. Deacon, who has specialized in reinsurance since 1947, previously served in several underwriting capacities with National Surety and Travelers. He was with General Re 1947-1952 and then joined Alexander Howden & Co., London. His association with Howden & Co. terminates with the formation of Deacon & Co., but he has been retained as a consultant to that firm in connection with its U.S. developments.

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N. Y. MV Unit Now Separate

The department of motor vehicles of New York state, formerly a division of the department of taxation and finance, became an independent state unit Jan. 1. William S. Hults, formerly a local agent at Port Washington, is the commissioner.

Among other reforms being instituted is to put driver records on punched cards so that they can be quickly checked for accidents and traffic violations by electronic data processing equipment.

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Warsaw (Ind.) Investment Co. has bought the Creed W. Thomas Insurance agency, with both Mr. Thomas and Mrs. Helen Drudge, office manager for the past 11 years, joining the staff of the insurance department of Warsaw, which has specialized in general insurance since 1903. It is owned by 61 stockholders.

Brown, Southeastern V-P Of Nw Mutual, Retiring; Barber Is Successor

Peyton J. Brown, southeastern department resident vice-president and manager of Northwestern Mutual, is retiring. He will be succeeded as manager by Jesse C. Barber, assistant manager.

Mr. Brown joined the company in 1929 as special agent at Raleigh. He was manager at Chicago and of the eastern department before becoming southeastern manager in 1954. He was appointed resident vice-president in 1959.

With Northwestern Mutual since 1938, Mr. Barber has been office manager at Columbus, O., and special agent for upstate New York. In 1958, he was named assistant manager of the southeastern department.

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Irel J. Reaves, Arkansas state agent of Crum & Forster, Little Rock, is retiring. He has been with the group in the territory supervised by the southern department at Atlanta almost 38 years.

Compares Private Insurer Growth With Total Market Including Government Cover

With intensified efforts to provide new forms of coverage, it is likely that private insurers will continue to grow at a favorable rate, Philo Smith, insurance stock specialist of Dominick & Dominick, New York, points out in that firm's monthly "Insurance Stock Notes." However, when the total insurance business is considered, those companies whose stocks are traded constitute relatively small factors. In the total business done Mr. Smith includes the federal government as "the largest insurer."

In addition to the handful of insurance stocks traded on the stock exchanges, there are 56 which, according to National Assn. of Securities Dealers, have wide national distribution over-the-counter, Mr. Smith notes. Although these companies are the ones with which investors are most familiar, they are relatively small factors in the total market for insurance. This fact may not be generally known to investors because the most frequently used statistical compilations describe only particular segments of the total market. To put the matter in perspective, Mr. Smith lists the 10 largest insurers of all times, estimates the size of the total market, and comments on some of the implications of these calculations.

U. S. Is Largest Insurer

The federal government is by far the largest insurer. It sells annuities, life, disability, unemployment, loan, crop and nuclear reactor liability insurance. For the fiscal year ended June 30 social security contributions in 1959 were $8.459 million, compared with $4.589 million in 1954, unemployment $324 million against $285 million, and state unemployment contributions $1.675 million compared with $1.246 million. For federal employes retirement funds the Treasury received $1.741 million, compared with $691 million; railroad retirement collections $525 million against $619 million; National Service Life Insurance $453 vs $391 million; federal housing loan insurance income from fees, premiums and investments $182 vs $125 million, federal deposit insurance $78 against $63 million, federal savings and loan insurance $38 against $17 million, and crop insurance $18 against $23 million.

Under President-elect Kennedy, compulsory A&S for the aged may be added to social security. Growth of the U.S. as an insurer is apt to continue in this and other ways, Mr. Smith observes.

Mr. Smith then compares the growth of the 10 largest insurers. Noting that the gross national product increased 32% in the years 1954 to 1959, premiums (in millions) of the government rose 68% to $13.493, Metropolitan Life 37% to $2.431, Prudential 38% to $2.145, Travelers 48% to $1.111, Equitable Society 24% to $1.-099, Aetna Life 53% to $1.093, John Hancock Mutual Life 26% to $684, New York Life 42% to $625, Continental 21% to $537, and Hartford Fire 41% to $491.

A substantial volume of annuity coverage is provided by private pension plans, but, according to available information, no one pension plan has annual contributions of as much as $400 million. Total U.S. premiums of London Lloyd's is estimated at $400 million. Total premiums of New York for workmen's compensation, unemployment insurance and statutory disability was $340 million in 1959.

Life, A&S, and fire and casualty premiums of private insurers aggregated $30.7 billion in 1959. With the government premiums, this figure would be $44.2 billion. Adding private pension plans, state funds, A&S associations, self insurers, title insurance companies, and Lloyd's, U.S. premiums in 1959 probably totaled at least $50 billion.

The size of the total insurance volume suggests to Mr. Smith that the thousands of insurers which have relatively small premium incomes may be in a marginal position. This situation accounts in large part for the accelerating merger trend among smaller companies. Though some officials have suggested that the federal government regulate insurer mergers, which already are governed by the states, these mergers are prompted by the need to serve the public more efficiently. Such mergers, Mr. Smith states, are far from combinations in restraint of trade. The largest private insurer, Metropolitan Life, accounts for less than 5% of the total market.

Though progress is impeded by extensive regulation, the possibility exists that the leading companies may be able to increase the relatively small share of the total market they now have, Mr. Smith believes. The automation of internal operations and the development of greater merchandising effectiveness are increasing the ability of private insurers to introduce new types of coverage which can generate significant additional volume.

Among important new products which have been developed are jumbo group life contracts (including the life insurance plan for federal employes administered by Metropolitan Life and the A&S plan for federal employes administered by Aetna Life), worldwide property and casualty umbrella coverage for businesses and industries, and A&S for the aged. Private insurers are experimenting with group property and casualty coverages, strike insurance, loan guarantees, and variable annuities and variable life insurance.

Chicago Insurance Society Reduces Spring Tuition

Tuition of Insurance Society of Chicago has been reduced from $20 to $15 for the spring semester. The society conducts three courses of Insurance Institute of America.

Registration for the spring semester will be held Jan. 27 from 11 a.m. to 3 p.m. in Room 1041, Insurance Exchange Building.

Five Are Named By Travelers Companies

Travelers has named John D. Parker Jr. a 2nd vice-president in the group department, Roger J. Fisher and Robert C. Walker assistant secretaries in casualty underwriting, James Haddow assistant secretary in the engineering and loss control division, and Felix J. Campbell assistant secretary in the fire and marine department.

Mr. Parker joined Travelers in 1937 and served at Boston, Portland, Me., and Albany. He went to the home office in 1953 as assistant superintendent of group sales, became superintendent in 1955 and secretary in 1957.

Mr. Fisher has been in the casualty underwriting department since 1957 and before joining Travelers at that time was an attorney for Liberty Mutual. He is a member of the nuclear energy law committee of American Bar Assn. Mr. Walker has been with Travelers since 1926 and has served as assistant supervisor and supervisor in casualty underwriting.

Mr. Haddow joined the company in 1936 at Boston, went to the home office in 1937, became supervising engineer in 1947 and assistant superintendent in 1954. Mr. Campbell has been with the group since 1925 and with the fire company since 1932. He was made an executive assistant in the fire and marine department in 1950.

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General Adjustment Bureau has expanded the Malone, N. Y., office to handle all types of losses. William M. Young has been appointed manager. He joined GAB at Malone in 1950 and since 1959 has handled major losses as a senior member of the Potsdam, N. Y., staff.

General Re Advances Munson, Hildenbrand

General Re has advanced Frank W. Munson and Walter J. Hildenbrand

Frank W. Munson

Walter J. Hildenbrand

from assistant secretaries to secretaries. They are assigned to the facultative department.

Mr. Munson joined General Re as a casualty underwriter in 1954, following experience as a compensation and liability underwriter in Maryland Casualty's New York office.

Before joining General Re four years ago, Mr. Hildenbrand managed the New York fire department of Employers Liability.

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Hudgins, 48 Years With Cotton Assn., Retires

John S. Hudgins, assistant manager of Cotton Insurance Assn., has retired after 48 years with the association.

He joined the organization at the home office in 1912 and was appointed special agent in the Memphis territory in 1919. He was placed in charge of that territory before he was reassigned to the home office as assistant manager in 1933.

Life Researchers Give Frank Views On Many Phases Of Auto Situation

By JOHN N. COSGROVE

The findings reached by Life Magazine's marketing study of consumer attitudes toward personal and property insurance (reported in THE NATIONAL UNDERWRITER, Dec. 23) has been supplemented by expressions of opinion on various phases of insurance by those who participated in the study.

These experts interviewed 568 customers in Atlanta, Chicago, Hartford, Los Angeles, and in Queens and Westchester counties of New York. Last September, the data gatherers met in each of these areas and held panel discussions to express their own views on the business.

One topic explored was the high cost of insurance due to high jury awards. Most of the panelists agreed that juries do not, as a rule, award excessive sums. The panelists believe that large awards, played up in the press, are few and far between and are sometimes exaggerated.

Two of the data gatherers were emphatic on this point. One said that large awards are completely overplayed by insurers, that they do not hand out large sums as frequently as they say they do, and they don't give money out as freely as claimed unless on a truly legitimate claim.

The other commentator said that few cases go to juries. Most are settled out of court. When there is a big jury award, the newspapers publicize it as if it were an everyday occurrence, which it definitely is not.

A Los Angeles data gatherer had been on jury duty and had been on five auto accident cases. "Nobody got a penny out of those juries," the panelist observed.

Sums Up View

A Westchester County researcher summed up the prevailing panel view that rates are driven up by many claims that "are always paid—apparently up to a certain amount . . . rather than going to court."

Many panelists put the blame for higher auto rates on repair costs. One said that the $50 deductible probably does not cover any repair today, unless it is an infinitesimal scratch. Another placed the blame for repair costs on the auto manufacturers who have fancied up their product.

The panelists discussed the padding of auto claims. They not only recognized the prevalence of the practice, but one enterprising member thought that it's

(CONTINUED ON PAGE 22)

Drs. Defrauding Insurers Getting Heave Ho In N. Y.

The inquiry into fraudulent insurance claims which was started in 1957 by the appellate division of the New York supreme court in Kings County has led to investigation of collusion of doctors with lawyers in the submission of padded or fictitious medical bills. The state board of regents, which has licensing and disciplinary authority over physicians, has investigated 81 doctors and two dentists in Kings County alone, and the inquiry is going on in Manhattan, Bronx, Queens, Nassau, and Suffolk counties.

In addition to formal charges lodged against 20 doctors and still pending, licenses of two physicians have been revoked and license revocation started against another. The board is asking the legislature for $100,000 in additional appropriations to broaden its inquiry.

The inquiry by the appellate division of the state court, of which Denis M. Hurley is counsel, has resulted in the disbarment of 10 lawyers, suspension of six from practice, the resignation from the bar of six others, and censure of another. The investigation over-all includes lawyers, doctors, adjusters, auto repair shops, etc.

One-Third Of Workers In New Group A&S Given Free Coverage

One out of every three workers covered by group health insurance policies issued during 1960 did not have to pay for the coverage, according to Health Insurance Institute. For these workers, employers paid all the costs of the health insurance coverage, while in the rest of the new group policies workers shared in the cost.

The institute said its report was based on an analysis of data supplied by insurance companies which were responsible for 68% of the total group health premiums in the United States in 1959. The data sampling consisted of some 2,200 new groups set up during 1960 and covering 305,309 employes and an estimated 692,000 dependents.

Of the employe total, 102,531 workers, or 33.6%, did not contribute toward the cost of the insurance they received. The remaining 202,778 workers contributed some portion of the cost of their group health coverage.

The institute also noted that 26% of the new group policies reported were on fewer than 25 lives.

The data also revealed that the larger the group the better chance a member of the group had of not contributing toward his health insurance. Of the groups of less than 25 persons, one in five was set up so that the employer paid all the insurance costs, and in the remainder of these groups the costs were shared. In the larger groups, one in three was paid in full by the employer.

Some 64% of the policies contained a basic hospital, surgical or medical coverage, but more than half of these combined the basic coverage with another type of coverage. About 22% contained comprehensive major medical coverage, 28% supplementary major medical coverage, and 32% disability income coverage. In all, four out of every 10 policies contained more than one type of coverage.

In the major medical coverages, 51% of the group policies had maximum benefits payable of $5,000, and there was a $10,000 maximum on benefits in 45% of the policies, while one policy had a $20,000 maximum.

HIA Group Forum Panel To Examine Effect Of Costs On Voluntary A&S

A symposium titled "The Rising Costs of Health Care and Their Effect on the Future of Voluntary Health Insurance" will be featured at the group insurance forum of Health Insurance Assn., Feb. 13-15, at the Biltmore Hotel, New York.

Millard Bartels, HIA president and chairman of the insurance executive committee of Travelers, will deliver the keynote address Monday morning.

The meeting will also include a series of workshop sessions and one afternoon's sessions will be devoted to major medical coverage. There will be four elective workshop sessions, each consisting of 16 workshops dealing with such subjects as sales management, long term disability, expense controls, health insurance for senior citizens, underwriting problems, initial issue, groups under 25 lives, experience rating, pooling, reserves and renewal underwriting.

A. S. Beebe, Paul Revere Life, is chairman of the group forum subcommittee, which developed the program.

Conventions

Jan. 13-15, National Assn. of Claimants' Compensation Attorneys' Bar Assn., midyear, Arizona Biltmore Hotel, Phoenix.

Jan. 14, Southeastern Region of National Assn. of Independent Insurance Adjusters, annual, Dinkler-Plaza Hotel, Atlanta.

Feb. 9-10, Conference of Mutual Casualty Companies, fire conference, Conrad Hilton Hotel Chicago.

Feb. 13-15, Health Insurance Assn., group insurance forum, Biltmore Hotel, New York City.

Feb. 22-24, Michigan agents, midyear, Statler-Hilton Hotel, Detroit.

March 9-11, Tri-State mutual agents of Pennsylvania, Maryland & Delaware, annual, Penn Harris Hotel, Harrisburg.

March 12-15, National Assn. of Mutual Insurance Agents & Texas mutual agents, combined midyear, Shamrock-Hilton Hotel, Houston.

March 13, Rhode Island agents, midyear, Sheraton-Biltmore Hotel, Providence.

March 14, New Jersey agents, midyear, Cherry Hill Inn, Haddonfield.

March 14, Pittsburgh I-Day, Hilton Hotel.

March 17-18, Mississippi mutual agents, annual, Edgewater Gulf Hotel, Edgewater Park.

March 23-24, Conference of Mutual Casualty Companies, underwriting conference, Conrad Hilton Hotel, Chicago.

March 23-25, Southern Agents Conference of NAIA, annual, Robert Meyer Hotel, Jacksonville, Fla.

April 5-7, Pacific Coast Advisory Assn., annual, Biltmore Hotel, Santa Barbara, Cal.

April 9-11, Midwest Territorial Conference of NAIA, annual, LaSalle Hotel, Chicago.

April 9-13, National Assn. of Surety Bond Producers, annual, St. Francis Hotel, San Francisco.

April 16-18, Eastern Agents Conference, annual Sheraton Hotel, Philadelphia.

April 17-18, Iowa mutual agents, annual, Savery Hotel, Des Moines.

April 17-18, Ohio mutual agents, annual, Neil House Hotel, Columbus.

April 17-19, National Assn. of Insurance Agents, midyear, Philadelphia.

April 20-21, Southern Claims Conference, annual, Dinkler-Plaza Hotel, Atlanta, Ga.

April 23-27, American Assn. of Managing General agents, annual, Camelback Inn, Phoenix.

April 27-28, National Assn. of Casualty & Surety Agents, midyear, Sheraton-Belvedere Hotel, Baltimore.

May 3-5, Casualty Actuarial Society, midyear, Concord Hotel, Kiamesha Lake, N. Y.

May 4-5, Central Claim Executives Assn., annual, Arlington Hotel, Hot Springs, Ark.

May 4-5, Conference of Mutual Casualty Companies, claim conference, Conrad Hilton Hotel, Chicago.

May 7-9, Alabama agents, annual, Russell-Erskine Hotel, Huntsville.

May 7-9, Virginia & D. C. mutual agents, annual, Williamsburg Inn, Williamsburg.

May 7-10, New York State agents, annual, Syracuse Hotel, Syracuse.

May 8-10, Health Insurance Assn., annual, Biltmore Hotel, New York City.

May 9, Assn. of Casualty & Surety Companies, annual, Waldorf-Astoria, New York City.

May 12-13, Mountain States mutual agents, annual, Harvest House, Boulder, Colo.

May 12-13, Oklahoma agents, annual, Biltmore Hotel, Oklahoma City.

May 14-16, Iowa agents, annual, Savery Hotel, Des Moines.

May 14-16, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.

May 14-17, Insurance Accounting & Statistical Assn., annual, Biltmore Hotel, Los Angeles.

May 17, National Assn. of Independent Adjusters, annual, Sheraton Towers Hotel, Chicago.

May 18-19, Arkansas Agents, annual, Arlington Hotel, Hot Springs.

May 18-20, Texas agents, annual, Galveston.

May 21-23, Tennessee mutual agents, annual, Riverside Hotel, Gatlinburg.

May 22, National Assn. of Mutual Casualty Companies, annual, Edgewater Beach Hotel, Chicago.

May 22-24, American Mutual Insurance Alliance, Edgewater Beach Hotel, Chicago.

May 25, National Board of Fire Underwriters, annual, Commodore Hotel, New York City.

June 4-9, National Assn. of Insurance Commissioners, annual, Bellevue Stratford Hotel, Philadelphia.

June 12-14, International Assn. of Health Underwriters, annual, Waldorf Astoria Hotel, New York City.

June 15-16, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 15-17, Georgia agents, annual, General Oglethorpe Hotel, Savannah.

June 15-17, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 18-21, Conference of Mutual Casualty Companies, management conference, Hershey Hotel, Hershey, Pa.

June 25-28, Consumer Credit Insurance Assn., annual, Sheraton Towers Hotel, Chicago.

Holds Motorcycle Is Not Covered By 'Auto'

Tennessee has joined the list of states holding that, under modern automobile policies, a motorcycle is not an "automobile" where this term is undefined. This was held by the eastern section of the court of appeals of that state in Beeler vs Pennsylvania Threshermen & Farmers, 21 CCH (Auto 2nd.) 115.

This was a medical payments case, involving either the family auto policy or a policy with identical language in the pertinent provisions. A member of the named insured's family was injured while operating a motorcycle not owned by anyone in the household. The medical payments portion of the policy covered the named insured and relatives living with him "while occupying or being struck by an automobile" and the policy did not define "automobile." In a suit to collect under the medical payments feature, the Knox County circuit court held that the motorcycle was not an "automobile" and the appeals court sustained the judgment.

No Exact Precedent

Since it is only relatively recently that drive other cars and extended medical payments coverage made this question arise under automobile policies covering private passenger automobiles, there were no cases precisely in point in Tennessee and the court—as courts of other states faced with the same problem have done—fell back upon decisions involving accident insurance. The position of the court was summarized by a quotation from Wood vs Polk, 59 Tenn. 220, "it would never have occurred to the average mind, that is, to the general public, that a motorcycle . . . would reasonably come within the meaning of an automobile."

The opinion in this case also met a question which has been discussed by insurance men since the family automobile policy appeared in 1956. The medical payments portion of the policy states that it does not cover injury to the named insured or a member of his household "while occupying or being struck by a vehicle operated on rails or crawler-treads or a farm type tractor or other equipment designed for use principally off public roads, while not upon public roads." Many observers had felt that, in the absence of a definition of "automobile," a court might hold that this specific exclusion of certain types of motorized equipment made the policy cover injury from a motorcycle, since motorcycles were not among the specifically excluded items. This argument was raised by the claimants' attorneys, but the opinion states that this expression "is more in the nature of a limitation upon the activities covered and the place where the offending vehicles must be in operation" and that it "does not attempt to limit the meaning of the term 'automobile'."

Early in 1960, a Texas court, in Texas Casualty vs Wyble, 333 SW (2nd.) 668, came to a similar holding under the family policy, although the holding favored the claimant in that case. The injured party there was struck by an automobile while riding a motor scooter owned by the insured. The insurance company sought to deny coverage because of the medical payments exclusion of injury while occupying an automobile owned by the insured and not covered by the policy as an "owned automobile," but the court held that the motor scooter was not an "automobile" and hence not reached by the exclusion.

In May, 1959, a Pennsylvania court, in Paubst vs McKendry, 145 Atl. (2nd.) 725, held a motorcycle not to be an "automobile." This case involved a contract similar to the basic automobile policy, rather than the family policy, but it is in harmony with the other recent cases, because the sole question was whether the undefined term "automobile" includes a motorcycle and the question was answered negatively. In the fall of 1959, the North Carolina supreme court, in LeCroy vs Nationwide Mutual, 17 CCH (Auto 2nd.) 1441, apparently fell in line with the same principle. Actually, the holding in this case was that a three-wheel "mailster" operated by the post office is an "automobile"—the court thus requiring the insurer to provide medical payments recovery to a small child of the insured who was struck by a vehicle of that type—but the opinion distinguishes a "mailster" from a motorcycle and states that older decisions on accident insurance have clearly established that a motorcycle is not an automobile.

Cravens, Dargan Appoints Greenwalt And McKeown

Cravens, Dargan & Co. has appointed Jes Greenwalt automobile manager and Thomas McKeown multiple line special agent at Bryan for south central and southeast Texas.

Mr. Greenwalt has been handling research at the Houston office and has also been with Wells & Co., Fort Worth general agency. Mr. McKeown has been a special agent for the aviation department.

Directorate Change At Great Northern

Benton J. Case, John A. Moorehead and John S. Pillsbury Jr. have resigned as directors of Great Northern of Minneapolis, and Percy Chubb 2nd, Lee Orton and Goodrich Lowry were elected to replace them.

Federal, which recently acquired 100% of the stock of Great Northern, also controls Colonial Life. Messrs. Case, Moorehead and Pillsbury are directors of Northwestern National Life and therefore are ineligible to continue as directors of Great Northern.

Percy Chubb 2nd is president of Federal and of Chubb & Son, which manages Federal and other insurers. Mr. Orton is senior vice-president and treasurer of Federal, and Goodrich Lowry is president of Northwest Bancorporation.

Great Northern will continue with its principal office in Minneapolis where it has new quarters on the third floor of the Soo Line Building and will be managed by its local officers under the leadership of Douglas M. Farnham, president, who has been designated chief executive officer.

R. A. Corroon Raises Patroni And Corroon

D. V. Patroni and Lawrence F. Corroon have been named vice-presidents of R. A. Corroon & Co., New York brokers and adjusters. Mr. Patroni and Mr. Corroon, who have been with the company for many years, were formerly assistant vice-president and secretary, respectively.

Aetna Fire Advances Wight, Smigrodski

Aetna Fire has promoted Willard M. Wight from associate manager to manager at Buffalo. He succeeds G. Alan Russell, retired. John A. Smigrodski has been advanced to assistant manager at Baltimore.

Mr. Wight joined the company in 1946, was appointed special agent at Philadelphia in 1947, was transferred to New Jersey in 1953, and was named associate manager at Buffalo two years ago.

Mr. Smigrodski joined the company in 1949 in the marine department. He was subsequently transferred to Philadelphia and named special agent in eastern Pennsylvania. He was assigned to the western Pennsylvania field in 1954 and to Baltimore in 1956.

E. B. Reid Heads N.Y. Office Of Sayre & Toso

Edward B. Reid has been appointed manager of the New York office of Sayre & Toso. He fills the post formerly held by Ronald J. Barry, who for reasons of health has taken a leave of absence.


E. B. Reid

A native of London, Mr. Reid began his insurance career in 1933 with London & Lancashire. During World War II he was a major in the British army. He moved to New York in 1946 and held executive posts with Wm. H. McGee & Co., American Foreign Insurance Association, Holland-America and Seven Provinces. Prior to joining Sayre & Toso, he was vice-president in charge of the New York office of Insurance Facilities Corp.

Ames To Crop Hail Post

John F. Ames has joined National Fire as farm-crop hail supervisor at Minneapolis for Minnesota and the Dakotas. He succeeds P. J. Olson, who has resigned.

Ellis-Smith Promotes Powers

James N. Powers, account executive Ellis-Smith & Co., Dallas, has been promoted to a partner. Before joining the general agency, whose senior partner, Porter Ellis, currently is president of National Assn. of Insurance Agents, Mr. Powers had been with National Surety.

Lamb To Key Post In Pacific National

Henry G. Sheehy, president American Surety and Pacific National Fire, has named George W. Lamb Jr. administrative assistant. Mr. Lamb will be responsible for organizational and operational functions of the companies.

George W. Lamb Jr.

For eight years prior to joining the companies, he was with Ernst & Ernst as assistant manager of the management service division, directing the integration and regionalizational programs of American Surety and Pacific National.

Gengras-Huber Team Claim New Amsterdam

(CONTINUED FROM PAGE 1)

thirds of New Amsterday Casualty stockholders are required to vote on approval of a merger, this meeting's outcome is not in doubt, Mr. Huber stated.

He pointed out that his group has long opposed the present management of New Amsterdam Casualty and in particular worked against the proposed merger with Home on the grounds that this plan called for "surrender" of New Amsterday Casualty shares for "at least four dollars per share less than could be obtained in the open market."

Mr. Huber said that after new management takes over New Amsterdam Casualty—with Mr. Gengras as chief executive—the next step would seem to be presentation to that company's stockholders of an affiliation plan between it and Security of New Haven, based on a stock exchange offer.

Home postponed the meeting of stockholders it had called for Jan. 11 to consider the proposed merger of New Amsterdam Casualty, due to the adjournment of a meeting of New Amsterdam Casualty stockholders from Jan. 6 to Jan. 26, called for the same purpose.

Kenneth E. Black, president of Home, was quoted in the Jan. 11 New York Herald Tribune as conceding that Security had enough votes to veto his company's proposal to acquire New Amsterdam Casualty.

Fire, Arson, Subrogation Seminar Held At University Of Miami

A seminar on fire, arson and subrogation was held at the University of Miami. Said to be the first seminar held that tied in subrogation to fire and arson features, the five-day meeting had as speakers John Kennedy, chief special agent General Investigations, Chicago; J. Edwin Larson, Florida commissioner; Edmund W. Sinnott, subrogation attorney, Chicago, and Chicago Fire Commissioner Quinn. Subjects ranged from motives for arson to case histories of negligence in fire subrogation cases. The seminar is an annual feature at the university.

Automatic Sprinkler Names Bakes

Automatic Sprinkler Corp. has appointed John E. Bakes Milwaukee manager. In this capacity, he will direct sales, engineering, installation and inspection service in the area. He is an associate member of National Fire Protection Assn.

5 Tex. Field Groups Elect New Officers

Five divisions of Texas Insurance Fieldmen's Assn.—Alamo, Lubbock, Dallas, Corpus-Valley and Houston—have elected officers.

Alamo—Wayne Shaw, Travelers, president; William A. Martin, Floyd West & Co., vice-president; John R. Goddard II, Aetna Fire, secretary, and Herbert Camp, Commercial Union, treasurer.

Lubbock—Harold Nixon, Home, president; Gene Dragg, Cravens, Dargan & Co., vice-president; R. Bryan Sloan, American Indemnity, secretary, and Frank Schimpf, America Fore Loyalty group, treasurer.

Dallas—William V. Collins Jr., Crum & Forster group, president; Elbert Kennemer, Commercial Union, vice-president; J. P. Wright, Commercial Union, secretary, and Julian Speed, retired, assistant secretary and treasurer.

Corpus-Valley—D. J. Manthe, Floyd West & Co., president; M. L. Walling, America Fore Loyalty group, vice-president, and Richard Clay, Cravens, Dargan & Co., secretary-treasurer.

Houston—Weldon Burns, Aetna Casualty, president; Donald Cline, Home, vice-president; Carlos Guerguin, Campbell & Cantella, secretary, and William T. Briggs, America Fore Loyalty group, treasurer.

Plan Hawaii Tour For IASA Registrants

Registrants at the annual meeting of Insurance Accounting & Statistical Assn. at Los Angeles May 14-17 are being offered the opportunity to take a 10-day tour to Hawaii, scheduled to leave Los Angeles May 17. The number of applications already received indicates this will be a successful project.

Families or individuals participating will travel to Hawaii by jet and stay at the Reef Hotel in Waikiki.

Information concerning the tour may be had from Jack N. Schreihofer, secretary Transport Indemnity, 3670 Wilshire Boulevard, Los Angeles 5.

Poultry Medicine, Asphalt On Stolen Cargoes' List

The latest issue of Babaco News, publication of Babaco Alarm Systems, predicts record 1961 losses from hijackings and truck cargo thefts.

The publication lists previously unreported thefts. Goods of many kinds and in many places are susceptible to theft. For example:

At Newark, N. J., toys worth $20,000 were stolen; at Woodridge, N. J., asphalt worth $7,500; at Chicago, air freight worth $20,000; and at Somerville, Mass., liquor worth $40,000.

At Rockford, Ill., jewelry worth $30,000 was stolen; at Hawarden, Ia., poultry medicine worth $2,000; at Spokane, wheat worth $1,250; at Indianapolis, machinery worth $1,000; at Louisville, cigarettes worth $81,000; and at Wilmington, Del., rare coins worth $40,000.

Allstate Names Brown Sales Training Director

Allstate has appointed Arthur L. Brown sales training director. In this position he will be responsible for the comprehensive training program for new agents, as well as training present agents when new lines or programs are launched. He has been assistant training director.

Editorial Comment

When Is A Name Not A Name?

Few things stick to a man like his name. The world will chip off what it can, but a man's name remains his own; an identifying characteristic stretching beyond the grave. And as with man, so with associations—a name should not be chosen lightly, nor should it be changed without due regard for the consequences.

These are a few of the reflections that occurred to us when we learned that American Assn. of University Teachers of Insurance will shortly begin voting by mail to decide whether the association's name should be changed to American Assn. of Risk and Insurance. And, although we feel rather like the small boy who shows up at a birthday party to which he has not been invited, perhaps we might air a suggestion or two regarding this proposed name change.

If there is one aspect to this business of insurance that strikes the outsider as just a wee bit wacky, it is the enormous (staggering, even) number of associations. But they do, most of them anyway, have their function. Existing on every conceivable level, they serve the business in a multiplicity of ways.

But one further service they can do the business is to remain as definitive as possible in their name. A good deal of confusion, quite frankly, already is prevalent regarding the exact nature of some of these organizations—simply because it is impossible to tell what this nature might be solely on the basis of their name.

For that reason, we have always admired AAUTI's name. Somewhat cumbersome, it at least was fully definitive. And the proposed name? To our mind, American Assn. of Risk and Insurance is so ambiguous as to be meaningless; it could apply to almost any insurance association in the U. S.

Admittedly, AAUTI wishes to broaden its membership and not limit it only to teachers of insurance. Admittedly, the present name would not be strictly accurate in those cases where members were not actually teaching insurance. But is this so important in an association that will always consist primarily of teachers?—R.R.C.

Image Creating, From First To Last

Image creation, in which the fire and casualty business has begun to show some interest, is almost as old, about as varied, as the human race itself. There were the wild animals depicted on the walls of caves, faces on sarcophagi, witch doctors' masks, idols, and totem poles.

Then came kings with jesters to create an image of jollity for a man who sometimes had to purge the enemies who came to dine, and scops to write their sagas.

Unquestionably, there is a skill, perhaps even an art, to putting up news that newspapers don't go out after so that newspapers will use it. There is a way of writing bad news so that it is less harmful than it might be.

But there ought to be some honest ground between the sour and splenetically biased innuendos of some newspaper reporters and the denatured treacle of the worst product of the PR mill. And there is. If the issuing organization is reasonably realistic and detailed, and if the PR consultant is a good one, much good copy of a constructive nature is published that would otherwise not get to the public—along with the latest destruction by fire or collision, murder by morons, pronunciementos by politicians, and statements by statesmen.

For those managements that are perhaps for the first time seriously studying the problems of communicating information about their enterprises to the public, hard work, good intentions, and honest purposes still constitute the alphabet of public relations. Communicating the result of this work, intent, and purpose to the public, over and above and in connection with the product, demands skill and attention. And it is high time that business turned its attention to the matter.

One word of caution: The material has to be believable. The public is more sophisticated than it used to be and it senses quickly when there has been too much denaturing of the facts. We should like to put in a word for humor as adding a welcome and effective touch of verisimilitude. Remember how few card shops there were before humor took over and skyrocketed sales of printed greetings for all occasions.

Perhaps it should also be pointed out that the creation of an image can be a dangerous thing. We are not speaking here of creating a doll in the likeness of an enemy and running it through with pins. No, what we are talking about is this: executives throughout the business should know that if they (or someone for them) create a public image of hard work, honest purposes, and a superior product, they are very apt to have to dig in, work hard, and produce a superior product.—K.O.F.

Personals

Ivan Steiner, Wooster, past president Ohio Assn. of Insurance Agents, and Mrs. Steiner are the parents of a baby boy, Andrew R. Steiner.

Deaths

THOMAS M. WOODS, 80, formerly on the staff of Missouri Inspection Bureau, died. He was with the bureau for 50 years until he retired seven years ago.

RUSSELL M. L. CARSON, 76, local agent at Glens Falls since 1901 and president of New York State Assn. of Insurance Agents in 1938, died there. He was president of Glens Falls Savings & Loan Assn. and past president of the board of education there. An authority on mountain climbing, he was author of several books about mountains.

ROBERT P. BELL, 62, of Mississippi State Rating Bureau, died of a heart attack at his home in Jackson. He began his career with Tennessee Inspection Bureau and joined the Mississippi bureau in 1924. He was assistant manager of Virginia Rating Bureau from 1941 until 1955 when he returned to the Mississippi bureau.

ALEX B. YOUNG, 67, retired special agent of Hartford Fire at Kansas City, died at the hospital at Lynchburg, Va., while he and his wife were visiting their son and daughter-in-law at Norfolk.

Alex Young

Mr. Young was with Hartford for nearly 40 years, starting in 1919 in the home office engineering department. Later he was at Chicago and Columbus before going to Kansas City in 1928.

He was a past president of Missouri Fire Underwriters Assn. and Missouri Fire Prevention Assn. In 1954-55 he was most loyal grand gander of Blue Goose. His Blue Goose membership dated from 1922 when he joined the Ohio pond. In 1944 he was elected most loyal gander of the Heart of America pond, and at the close of his administration the pond began its campaign to sponsor him for the grand nest.

Mr. Young in 1947 conceived the idea of a tri-state Blue Goose organization having annual meetings for those members unable to make the longer trips to the grand nest. The Mohaak flight resulted with the first year's meeting guaranteed financially by Mr. Young personally.

Mr. Young graduated from Colgate University with Phi Beta Kappa and special honors in mathematics and took graduate chemical engineering at Columbia University. He was a past president of Delta Upsilon fraternity.

SAMUEL OBERMAN, 62, Bronx, N.Y., broker, died at Montfiore Hospital. He was a past president of General Insurance Brokers Assn. of New York and a former chairman of the brokers' joint council.

RONALD V. SMITH, veteran independent adjuster of San Francisco, died at his home there.

MAURICE S. ALBERDA, 60, owner of the Alberda agency of Grand Rapids, died of a heart attack.

JOHN A. JONES, 82, Poolesville, Md., agent, died at Frederick Memorial Hospital. Early in his career he managed a farm at Dickerson which has been in his family about 200 years. He entered insurance as an agent of Mutual Fire of Montgomery County (Md.) and became a director of the company in 1923, remaining active until his death.

HENRY C. LITTLE, retired treasurer and director of Excelsior, died at his home in Avon Park, Fla. He joined Excelsior in 1925 as chief auditor and accountant, was named assistant treasurer in 1928, secretary and treasurer in 1935, and a director in 1937. He retired and went to Florida in 1952.

Call For Tenn. Rate Quiz

Rep. Evans has introduced a resolution asking the Tennessee legislature to investigate auto insurance rate making. Three members each would be named by the house and senate insurance committees. Commissioner John R. Long Jr. has turned down the last two rate increase applications of National Automobile Underwriters Assn. and National Bureau.

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Governor Wants Mont. Out Of Hail Insurance, Needs The $2 Million

The $4.8 million fiscal retrenchment program of Gov. Nutter of Montana, which calls for no increase in taxes, obtains the no additional cost feature by the virtue of the governor's recommendations that the state depart from the hail insurance business and transfer the $2 million hail fund to the general fund.

"If this fund is applied toward reduction of our indebtedness, no additional taxes will be needed under the budget as proposed," the governor said. He explained that the hail program was once justifiable, but "today the justification of a tax-free state business which furnishes insurance at cost to a relatively small number of subscribers is questionable. Private insurance companies provide hail insurance coverage and, if this is not satisfactory, in certain areas the federal crop insurance program offers some hail loss protection."

—

San Diego Blue Goose at its January meeting heard a talk by Frank L. Price of the local office of the FBI.

Stocks

By H. W. Cornelius of Bacon, Whipple & Co. 135 S. La Salle St., Chicago, Jan. 10, 1961

	Bid $	Asked $
Aetna Casualty	97	Bid
Aetna Fire	89	91
American Equitable	19½	21
American, Newark	27	28
American Motorists	17	18
Boston	31	32
Continental Casualty	89½	91
Crum & Forster	73	75
Federal	57	58
Fireman's Fund	53½	55
General Re.	117	120
Glens Falls	39½	41
Great American	48	49½
Hartford Fire	58½	60
Hanover	43	44
Home of N. Y.	63½	64½
Ins. Co. of No. America	77	79
Jersey Ins.	34	36
Maryland Casualty	36½	37½
Mass. Bonding	39	40
National Fire	121	126
National Union	40½	42
New Amsterdam Cas.	59	61
New Hampshire	51½	53
North River	41½	42½
Ohio Casualty	24	26
Phoenix, Conn.	81½	83
Prov. Wash.	19	20
Reins. Corp. of N. Y.	22½	23½
Reliance	57½	59
St. Paul F.&M.	61	62
Springfield F.&M.	34	35
Standard Accident	54½	56½
Travelers	96	98
U. S. F.&G.	43	44
U. S. Fire	31	32

Comments On The Insurance Field From The Investment Dealer's Chair

By LEVERING CARTWRIGHT

Cartwright, Valleau & Co., Board of Trade Building, Chicago

Now it's Standard Accident-Reliance. The proposed affiliation caused a market flurry Monday. Standard Accident, which had closed Friday at 50¾ bid, traded extensively in the range of 52½-3½. Reliance traded on the American Stock Exchange at 58⅝, which was surprisingly a gain over Friday. This was an arbitrage situation and the normal expectation would be for Reliance to sell off as Standard moved up. The liquidating value of Standard is 89 and that of Reliance 72. Standard has been paying $2 per year in dividends, Reliance $2.20. Reliance has been gaining increasing respect in the financial world. They have been charting their own course and have been earning tut-tuts from the conventional element. Just recently they had a large gathering of agents and their wives at Nassau, this being the reward for achieving sales ends. In recent years they acquired General Casualty of Madison, Wis., and Hoosier Casualty of Indianapolis and are now in process of acquiring Standard Fire of Trenton.

Many investors who turned in their New Amsterdam stock to the Gengras interests at 64 purchased Standard Accident in the range of about 48. Standard ran up to 53 bid when the announcement was made that a deal was being discussed with Fireman's Fund. Then when that evaporated the bid price on Standard dropped to as low as 43. If Standard and Reliance become one, there will be a total of 1,254,400 shares of Reliance with investment income per share of about $5.20. Thus a payout of $2.20 would be supremely well covered. For the first nine months of 1960 Reliance had a combined loss and expense ratio of 99.8, for Standard it was 103.4.

If the Standard Accident affiliation becomes effective, the consolidated premium income of the group will be about $150 million. The group would be comprised of Eureka, General Casualty of Madison, Hoosier Casualty, Standard Fire, Standard Accident, Reliance Life, and the parent Reliance.

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The recent excellent market in American Telephone accents the very large position the America Fore Loyalty group has in this issue. They own about 400,000 shares and are the largest single stockholder of Telephone. They added 100,000 shares in 1960. J. Victor Herd, chairman of America Fore, is a director of A.T.&T.

The announcement of the stock dividends of 50% for Continental Assurance and 25% for Continental Casualty caused the stocks of those companies to advance still further, although the prior strength in those issues seems to have been in anticipation of such a distribution. The Assurance went up to 182-187 while C. C. got as high as 89¾ bid.

Lincoln National Life which slid off 30 points after the announcement of its stock dividend and split continued to firm up and Monday morning was 231-34

North Central Co., owning North Central Life, staged another big advance, to 12 bid. Last June this was brought out at 7.

Conn. General Life broke through the 400 barrier and went into new all time high ground Tuesday at 412 bid.

Travelers has been edging up and Monday morning was pari passu with Aetna Life at 96½ bid, or nearly 4 points above its week earlier price.

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Wellington Fund reports the sale of 40,800 shares of Hartford Fire and the sale of 27,500 shares of North America.

Bullock Fund, Inc., increased its holdings of Travelers to 15,000 shares from 12,000. Hamilton Fund, Inc., invested in a total of 110,000 shares of Transamerica for its various series.

The recent airline disaster at New York fell lightly on the hull insurers, it turns out. United Air Lines was fully self insured on the jet and TWA had a reserve which cushioned the blow for its insurers of the Constellation that was lost.

Cal. Brokers' Inaugural Lunch At S. F. Next Week

New officers of Insurance Brokers Assn. of California will be installed Jan. 17 at a luncheon at San Francisco. They are Frank M. Hagan, president; Merritt Moselle, vice-president; and Russell S. Reagan, secretary-treasurer. Hal D. Willson, past president of the association and of National Assn. of Insurance Brokers, will be the installing officer.

Luncheon speaker will be S. Pat Mallia, chairman of the association's special direct billing study committee, and he will discuss direct billing.

The brokers will also present their Man-of-the-Year award to the member who has made the most outstanding contribution to the association and to the industry during 1960.

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Mutual Fire of Saco, Me., has become a member of Mutual Inland Marine Underwriters of New England. There are now 10 companies in the pool, all New England agency mutuals.

No Values Set On Cuban Securities For Statements

The committee on valuation of securities of National Assn. of Insurance Commissioners will refrain from settling association values on securities of Cuba and any of its instrumentalities as of Dec. 31, 1960, because of unsettled conditions in that country.

Companies with deposits or other assets in Cuba are expected not to take credit in their 1961 annual statements for such property. For the most part, it is said, the amount at stake for any single insurer or company group is not a critical matter and in most cases is not a substantial one.

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New Orleans Unit's Slate

The following slate of officers has been nominated for election by New Orleans Insurance Exchange: E. P. McCloskey, president; Milton F. Hilbert Jr., vice-president; Charles L. Rittenberg, treasurer; and Thomas N. Bernard, secretary.

Financial Indemnity Names Mulchahey And Vaughn Vice-Presidents

Financial Indemnity has named James M. Mulchahey, general sales manager, and G. Kenneth Vaughn, assistant general manager, vice-presidents.

Mr. Mulchahey joined the company in 1950 and became production manager in 1956 and general sales manager in 1958.

Mr. Vaughn has been with Financial Indemnity since 1951 and has served as special agent, underwriter and chief underwriter.

T. C. Ferguson Is Named Chairman Of Texas Board

AUSTIN—Thomas C. Ferguson, 54, former district judge at Burnet, has been made chairman of the Texas Board of Insurance. He succeeds Penn J. Jackson.

Judge Ferguson served for the last 13 years as district judge, declining to seek reelection last year. He was a newspaper man for a number of years and also practiced law, being elected to the state legislature in 1931. He is also a former mayor of Burnet and has been active in country affairs. He is a former vice-president of the Texas Convention of Christian Churches and is active in historical associations.

Mr. Jackson, who was the last of the original three members of the reorganized board of 1957, recently resigned to return to his old bench as district judge in Cleburne.

—

Harrison Heads Zone 5

Commissioner William A. Harrison of Texas has been elevated to chairman of Zone 5 of NAIC. He was elected vice-chairman at the New York meeting of NAIC with the understanding that he would succeed William Grubbs of Nebraska should Mr. Grubbs be replaced.

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Chicago Fire Engineers To Meet

Chicago chapter of Society of Fire Protection Engineers will hear W. F. Schacht, engineer of Factory Insurance Assn., at the Jan. 16 meeting. Election of officers will also be held.

Supplementary List Of Quotations Of Bid Prices For Insurance Stocks

Presented below is a supplementary tabulation of insurance stock quotations as assembled by Levering Cartwright of Cartwright, Valleau & Go., Board of Trade Building, Chicago, specialists in insurance stocks. There is shown where available the Dec. 30, 1960, bid prices of about 65 issues along with comparable quotations for June 30, 1960, and Dec. 31, 1959. For many of these, the most recent bid price is one that appeared in the National Quotation Service towards the end of the year. These are situations that are not regularly quoted. In last week's issue appeared 123 quotations in one set and about 300 in another.

Company	6/31/59	6/30/60	12/29/60
Am. Guar. L.H.&A., Tex.	......	1¼	......
Am. Independ. Life, Tex.	250	250	275
Am. L.&A., Mo.	36½	36½	......
Am. Public Life, Ind.	2½	......	......
Anchor Cas.	30	34	35
Birmingham F.&C.	19	19	19½
Cal. Compensation	2½	2½	2½
Carolina Cas.	5⅝	3¾	4½
Cert. Credit Corp., O.	......	1¾	1¾
Commercial Stand.	21	21½	20½
Cotton States Life, Ala.	1¾	2*	2*
Dixie Auto	2	2	2¼*
Eastern Shore of Va.	140	140	......
Economy F. & C.	14	14	14
Educators, Cal.	11	12	12
Educators Auto., Tex.	......	1¼	......
Educators & Ex., Ohio	15¾	16¼	17¼
Employers, Ala.,	14½	......	......
Farm & Home Agen., Ind.	3	1	......
Farm & Home Life, Ind.	10	......	10¼*
Fidelity, S. C.	3⅝	7⅛	......
Financial F. & C., Fla.	......	¼	½
Economy F. & C.	14	14	14
Firemen's, N.J.	......	38	38
Fla. Home,	34½	34	......
Gateway Life, S. C.	5	4	......
General Guar., Fla.	2¼	......	......
Globe Life, Ala.	3	......	......
Great Lakes, Ill.	30	30	30
Guar. Income Life, La.	2	......	......
Guar. Life, Fla.	5½	......	......
Guar. Life, D. C.	6¼*	6½*	......
Harbor	19	13	15¼
Ins. Co. of Ore.	11¼	13	......
Ins. Co. of South, Fla.	2⅞	3	......
Ins. Co. State of Pa.	40	44	44
Insuromedic Life	1¼	......	......
Intl. Fidelity, Tex.	1⅝*	1½	1⅛
Intl. Opportunity Life,	6½*	4*	5
Intl. Life, Tex.	1	1¼	⅛
Investment Life, Ohio	......	8½	8
Investment L.&T., S. C.	3⅝	......	......
Kan. Bankers Surety	58	60	59
Life Unds., Tex. (units)	21*	17	......
Lincoln Am. Life, Tenn.	......	......	2⅛
Lincoln Income Life	21⅝	......	20
Lincoln Life, Ga.	212	......	......
Maine Bonding	18	18	......
Members, Cal.	9	......	......
Midland Natl. Life, Wyo.	1⅝	1	......
Midwestern Indem., Ohio	17½	17	16½
Nat. Acc. & Health, Pa.	25	......	27½
Natl. Fidelity, S. C.	6½	......	......
Northern States Life	......	......	2⅜
Pacific Employers	18	22½	21½
Piedmont Southern Life	......	......	60
Protective L. & A.	91	......	......
Republic Franklin, Ohio	......	14	......
Richmond Life	7	7½	5
Rocky Mountain Fire	111	......	......
Rocky Mountain Life	3	3	2¼
St. Louis Ins. Corp.	......	4	4
Sentinel Life, N.C.	20	15	......
South Carolina	19	20	22
S.W. Fire & Cas.	8½	8½	......
State Security Life, Ind.	½	......	......
Textile	11	10	......
Utah Home Fire	26	28	27
Universal, N.J.	22⅝	......	28¼
Universal L.&A., Ind.	4	2	......

* Offering price

Royal-L.&L. To Have £400 Million Assets

On the basis of the latest available figures, the combined assets of Royal and London & Lancashire groups, which recently announced merger plans, amount to more than £400 million. This consists of more than £330 million for Royal and approximately £70 million for London & Lancashire. Almost £120 million is accounted for by life business of the two groups. The non-life premiums of Royal are around £137 million for Royal and £35 million for L.&L.

It is estimated that 60% of Royal group's non-life premiums are accounted for by U.S. business and 35% of L.&L.'s.

The terms are reported as two five-shilling par shares of Royal for five five-shilling par shares of L.&L. Royal shares have been selling for around 141 shillings, L.&L.'s for 48.

The London Times notes that L.&L. sold for as low as 39 shillings last year. The Royal offer is worth 58 shillings. Royal is selling at about 145 shillings.

—

Stumpf On The Go

Robert F. Stumpf, most loyal gander of Blue Goose, will visit three southeastern ponds in January, starting on the 10th with the semi-annual meeting of the Alabama pond at Mobile. On Jan. 16 he will attend the midyear meeting of the Georgia pond in Atlanta, where William G. Stephens, grand supervisor, also will be in attendance, and on Jan. 19, Mr. Stumpf will attend the midyear meeting of the Florida pond at Orlando.

In February he intends to take in the annual meeting of the Minnesota pond at Minneapolis on the 13th.

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Defendants Stay Ahead

Defendants continue to hold the lead in personal injury decisions in Cook County courts, the standing Jan. 7 being 105 verdicts of not guilty against 91 guilty. There were 12 deadlocks, according to the statistics compiled by Cook County Jury Verdict Reporter from the beginning of the fall term Sept. 1.

Last week only two decisions were handed down, one guilty and one not guilty, damages awarded amounting to $14,000 in a rear-end collision case.

Since Sept. 1, personal injury awards in Chicago have amounted to $1,447,954.

Casualty Assn. Notes Compulsory Slowdown

Developments affecting the casualty and surety business during the 1960 state legislative sessions are summarized in the annual report of the law department of Assn. of Casualty & Surety Companies.

The report notes that the 1960 legislative season was noteworthy because no new compulsory auto, unsatisfied judgment fund or mandatory uninsured motorist laws were passed.

Compulsory auto bills were introduced in Kentucky, Louisiana, Mississippi, New Jersey, Puerto Rico and Rhode Island, and bills were carried over from the 1959 sessions in Georgia and South Carolina. All were defeated, except in New Jersey where the bill is pending without expectation of action. In the Virgin Islands, the compulsory bill, which became effective Jan. 1, 1960, was repealed, and a special committee was named to study the matter.

Follows 4,700 Bills

In 1960, 24 legislatures, including Puerto Rico, Virgin Islands and the Congress, were in regular session and 12 legislatures met in special session. The association's law department followed almost 4,700 bills of which 696 were sent to member companies as "bill memoranda" and 451 as "now law" memoranda with texts of the new laws.

The law department's annual report also covers non-legislative matters affecting the casualty and surety business. In the area of litigation, the report cites a number of cases in which the association, in some cases in cooperation with other organizations, intervened as amicus curiae. Among these were cases dealing with the right of subrogation by a compensation insurer, plaintiffs' attorneys, estimates of dollar amounts for pain and suffering and direct action against insurers on liability policies covering school boards.

The report includes a run-down of highlights of legislation in such categories as adjusters, aviation, claims, fidelity and surety, nuclear energy, producers, regulation, taxation and workmen's compensation.

St. Paul F.&M. Raises 3 In Mich., Minn., Field

New state agents of St. Paul F.&M. are Donald D. McFadden and John R. Comer in Michigan and Curtis A. Housh, who will travel southwestern Minnesota.

Messrs. McFadden and Comer have been special agents, working out of Detroit, where they will continue their headquarters. Mr. Housh has been special agent for fidelity and surety, and in his new assignment, will act as multiple line field man out of the home office.

Johnson In N. M. Field For Phoenix Of Hartford

Phoenix of Hartford has transferred Bill B. Johnson, state agent, from Kansas City to Albuquerque. He joined the company in 1950 as special agent in Colorado. In 1952 he was transferred to Albuquerque as special agent. In 1953 he was promoted to state agent in New Mexico, and in 1957 he was transferred to Kansas City.

Weber Nebraska Actuary

David P. Weber has joined the Nebraska department as actuary. He studied actuarial science at University of Nebraska and has been in private industry for the past 15 months.

U. S. Fire has been admitted in Bolivia. Grace y Cia, which has represented American Foreign Insurance Assn. companies in Bolivia since 1920, will be agent for U. S. Fire. The company is entered directly in five countries and operates in 70 others through AFIA.

Kenneth R. Russell, Michigan Mutual Liability manager at Charlotte, N. C., has been transferred to Columbus, O., as manager.

Brundrett, Plunkett Promoted By F. & D.

Fidelity & Deposit has appointed Charles A. Brundrett and Paul J. Plunkett as co-managers of the contract bond department.

Mr. Brundrett joined F.&D. at the home office and some years later was transferred to New York where he subsequently became manager of the judicial department. He was reassigned to the home office in 1951 as division superintendent of the contract bond department. He was later named manager of the unit and was elected an assistant secretary in 1958.

Mr. Plunkett, who is also an assistant secretary, joined F.&D. in 1946. He has been in the contract bond department since 1949, as assistant manager since 1959.

Hagerstown Agents Elect

Independent Insurance Agents Assn. of Hagerstown (Md.) has elected Warren H. McCann president; Harry F. Vollmer vice-president; Richard G. Wantz secretary; and J. Scott Lantz treasurer.

Researchers Give Frank Views On Auto

(CONTINUED FROM PAGE 12)

a good way to make money. Several justifications were offered for padding. The primary reason was that panelists felt it was the only way to cover the cost of losses. Several advocated putting in a claim for $200 on a $100 loss in order to "come out where you wanted to be in the first place."

Some panelists felt that people pad auto claims because they feel they have paid a lot for their policies over the years and are entitled to get something back. Other data researchers agreed that some people are looking for something for nothing.

The panelists felt strongly that physical checks on drivers and more stringent inspections of cars would reduce accidents and auto rates. Typical comments were:

1. Doctors should be forced to report to the state motor vehicle department anyone who is unfit to drive.

2. Older persons should be required to have periodic physical, visual and other tests.

3. Insurers should inspect the car they are insuring instead of giving it a curb stone examination. Many cars would not be insurable.

4. Periodic car checkups would help. Many times it is not the driver but the vehicle that is at fault.

One panelist added a personal experience: "I think that insurance companies could crack down on the state police departments. We just returned from 4,000 miles of driving, and the only state that made any attempt to check on the drivers was Florida. The minute we crossed the state line into Florida, we were stopped by a trooper, who inspected our brakes and back lights, walked around the whole car, looked at the condition of the tires, and even looked into the car."

Another panelist thinks that insurers could lobby to get better state laws governing cars and licensing. Insurers could help attain a national set of driving rules, including uniform speed limits and highway markings.

Insurers will probably react with mixed emotions to the opinions expressed by the gatherers of the Life data. The importance of these opinions does not lie in whether they are valid or not but in the fact that they express the viewpoints of professional researchers who are trained observers. The members of this group are frequently in touch with public opinion and their own views are probably somewhat colored by their findings during interviews with the general public. But when the latter's views are, in effect, filtered through a panel discussion of data researchers and still come out with some rather low concepts of auto insurers, it is time for the business to reassess its communications efforts. No one doubts that a volume of sound information is being issued. But the plaintive question recurs: "Is anybody listening?"

North America Names Trist, Laub And Rizy

North America has named John A. W. Trist superintendent of statistics at the head office. In New York, John H. Laub has been appointed assistant manager at the 79 John Street office where he will be responsible for production and underwriting of all personal business. J. Arthur Rizy, fire manager of the company's uptown New York office, is also assuming Mr. Laub's former duties there as marine manager.

Mr. Trist joined the company in 1959 after 10 years with Kemper group where he became manager of eastern statistical operations in Summit, N.J.

Mr. Laub has been with North America since 1926. He was an underwriter and special agent before becoming marine manager at the uptown New York office in 1954.

Mr. Rizy, with the company since 1924, has been a special agent and home office agency superintendent, and has held managerial posts at Albany, N.Y., and at both New York City offices.

Templeman Chosen To Head Cleveland Surety Managers

C. L. Templeman, Royal-Globe, has been elected president of Cleveland Assn. of Casualty & Surety Managers, succeeding L. E. Brock, Fidelity & Casualty.

H. T. Moreland, Maryland Casualty, and Harold M. Richter, Aetna Casualty, are 1st and 2nd vice-presidents, respectively, and James S. Stack, Royal-Globe, is secretary-treasurer.

Cutlip Advanced

James L. Cutlip has been promoted to bond manager by American at Houston. He joined the group in 1957 as an underwriter at New Orleans and the next year became a special agent. Transferred to Houston in 1959, he was promoted to bond supervisor. Previously, he was an underwriter with Hartford Accident, 1953 to 1957.

Glens Falls Forms Multi-Peril Unit; Cantrell Manager

Glens Falls has formed a multi-peril division and has named Alan H. Cantrell manager. He will be assisted by Ulisse A. Canale Jr. and Blair A. McFarlane Jr., who have been named divisional underwriters. The new unit, under the executive supervision of Arthur L. Lowe, vice-president, will have underwriting responsibilities and will assist in the production and development of package policies.

Mr. Cantrell joined the company in 1949. He was in several home office departments before becoming special agent at Newark. In 1955, he joined Eastern Underwriters Assn. and advanced to assistant manager. He rejoined Glens Falls in 1959 as administrative assistant in the fire underwriting department.

Mr. Canale, a graduate of the company's training program, has been a fire and multiple risk underwriter since 1951. Mr. McFarlane also completed the training program, after joining the company in 1947. He has been an underwriter at Syracuse, Detroit and at Dallas. He was transferred to the home office as an analyst in the systems and procedures department in 1960.

Wilkie Joins Crum & Forster

James Wilkie, casualty underwriter of American at Seattle, is joining Crum & Forster as special agent in the Seattle territory. Mr. Wilkie has been in insurance since 1946 when he joined Northwestern Mutual as a casualty underwriter in the home office. He went to Dallas in 1947 and in 1948 returned to Seattle with American.

Mutual Casualty Men To Meet Feb. 9-10 For Fire, IM Conference

Conference of Mutual Casualty Companies is accepting registration for the annual fire and inland marine conference Feb. 9-10 at Chicago.

Appearing on the Thursday program will be John S. Child, Harleysville Mutual, to discuss "Insurance to Value." A panel entitled "Underwriting Quickies" will be moderated by James B. Rathbun, Michigan Farm Bureau Mutual. Participating will be Fred DuBois, Employers Mutual Casualty, speaking on aluminum siding; Homer Pifer, Shelby Mutual, on bowling alleys; James Bohn, West Bend Mutual, supermarkets; J. G. Griffin, Michigan Mutual Automobile, laundromats; and Donald Tripp, Mutual Reinsurance Bureau, variety stores.

Uncontrolled inland marine classes will be taken up by Russell J. Elliott, American Manufacturers Mutual, and Charles E. Nail Jr., Lumbermens Mutual of Mansfield, will comment on the newest trends in commercial lines packaging and the underwriting requirements.

On Friday, Donald Varney, Badger Mutual, will review the public and institution property form, and Donald Hawkins, Mutual Loss Research Bureau, will describe the operation and services of his organization.

Allstate Wins Uninsured Motorist Case On What Is 'Resident Relative'

"For the Defense," monthly bulletin of International Assn. of Insurance Counsel, recently reported a lower New York case which held that a minor son of the insured serving a short term enlistment in the navy was not a "resident relative" within the meaning of uninsured motorist insurance. The case is Allstate vs Jahrline, decided by the Sullivan County supreme court last August. It is referred to as the first case on this point in New York.

The uninsured motorist portion of the Allstate policy provided that it applies to named insured and "relatives while residents of his household." The 19 year old son of the insured was in the navy under a "minority enlistment" which would expire on his 21st birthday. He was stationed in Florida and was on his way to his mother's home in Wurtsboro, N.Y., on leave, riding an uninsured motorcycle, when he was killed in a collision with an uninsured automobile in Virginia. Allstate denied coverage and was sustained in a declaratory judgment.

Many insurance men have assumed that sons temporarily in the armed services remain residents of the insured's household within the meaning of such coverages as drive other cars, extended medical payments and uninsured motorist. There have been cases holding to this effect with other forms of insurance, though the policies did not have exactly the same language as that involved in the Allstate case. The opinion here, as reported in "For the Defense," apparently drew a distinction between a "member" of the household and a "resident" and hinted that the decision might have been otherwise if the son had reached home and the accident had occurred there while he was on leave.

Alexander & Alexander has named John R. Metcalf assistant vice-president at San Francisco.

Corporate Risk Can Be Measured More Precisely Than At Present

(CONTINUED FROM PAGE 2)

relation of risk measurement to corporate objectives. Mr. Rennie advanced the viewpoint that the growth of the firm is the dominant motivation of modern corporate management. This hypothesis of revenue maximization is receiving increased public recognition, both in business and academic circles. The primacy of growth is not necessarily in conflict with the business man's desire to increase profits because that objective may be achieved most readily through the growth of the firm.

If growth is a leading management objective, it is equally clear that risk and uncertainty are major barriers limiting such growth. The more ambitious the plans for expansion, the greater will be the physical risks and uncertainties of future events.

The prospects for expanded revenues are likely to be offset in part by the effects of risk and uncertainty. Management must take into consideration not only the risk involved in its expansion plans, but also the effect of the uncertainty with which it views its estimate of the risk involved. It probably makes allowance for such risk and uncertainty in its income and cost calculations by using lower estimates of income and higher estimates of cost than those it considers most likely to prevail. The result is a reduction in profit at every level of output, and in consequence a reduction in planned expansion.

Moreover, management is subject to the principle of increasing risk, Mr. Rennie observed. This principle states that as a firm expands its investment, the risk to it of a given chance of loss becomes more serious with each increment of investment. As commitments are extended through expansion, the firm's liquidity position may become precarious, and its ability to raise additional funds is also jeopardized.

The analysis to this point assumes that management is a passive "risk bearer" who can do nothing to reduce the risk or uncertainty involved in any program of expansion. Such risk places an inflexible limit to expansion, and management must adjust to it. But this is not the only course of action open to management. Through better risk measurement, undertaken by personnel trained to mitigate or transfer risk and to reduce uncertainty, management can extend its plans for expansion and achieve more fully one of its primary corporate objectives.

Risk Manager's Function

Risk management is generally conceived to be a relatively autonomous function within the corporation. The risk manager is expected to make a cross-sectional survey of all the operations of the firm, and to analyze and record all risks to which the company is exposed. This process may consist of checking each of the company's assets, processes and personnel systematically against a check list of perils. Sometimes the procedure is reversed, but the objective is the same: To identify and measure the significant exposures in terms of potential loss to the company.

Unfortunately, this conception of risk management does not meet the needs of the modern corporation, he commented. In actual fact, it merely formalizes more or less the traditional methods of handling risks within the firm, and traces its lineage to an epoch when ad hoc decisions regarding risk were triggered by expiring insurance policies or the overtures of a new insurance agent. While a periodic inventory of exposures may be adequate for the relatively static firm, it cannot fit the enterprise whose policies are geared to expansion and innovation.

Willing To Take Risks

One of the hallmarks of the modern American corporation is its willingness to take risks. Its management is known for the ability to respond creatively to new situations. The extensive programs of research and development have brought many new innovations, and have made obsolete many of the machines and processes inherited from the past. And in a comparable manner, the modern corporation has brought complex new risks, and has made obsolete many of the ingrained practices of risk management as they are outlined in the manuals.

But effective enterprise includes more than the willingness to take risks; it also includes the willingness to search for new methods of avoiding risk and uncertainty while in the process of innovating and expanding. This explains, in part, the current management interest in "operations research," in "system analysis," and in econometric models.

Management is attempting through these techniques to reduce all major risks to probability forecasts in a systematic manner. Uncertainty-bearing is a painful process, and business men have not been content to let uncer-

tainties remain as "a subjective degree of belief." To the extent that business can reduce uncertainties to statistical risks, they can be handled as a routine cost of doing business, even though the margin of error may be fairly large.

It is Mr. Rennie's view that there is no essential difference in principle between the risk-reduction goals of the systems analyst and the objectives of the risk manager. Also, the corporate risk manager should become the staff specialist in analyzing, measuring and distributing all business risks in such a way as to achieve the firm's risk-reduction objectives most effectively. The risk manager's estimate of risk and his evaluation of the uncertainty of those estimates should be an integral part of the input of information which top management uses to make its decisions relative to innovation and expansion.

To the extent that the risk manager can improve his techniques for measuring risk, and to the extent that he can reduce uncertainty, he can extend the growth horizons of the firm. Such a role for the risk manager will be more difficult to perform; he must evaluate the risks relating to assets that are not yet in place, to processes that are still in the blue-print stage, and to personnel who are not yet employed.

But it is a function vital to the decision-making process of the modern corporation, Mr. Rennie believes. If the risk manager shuns this opportunity to broaden his conception of risk management within the firm, he may find that he has become a minor functionary performing routine tasks specified by "risk reduction" systems developed by other specialists. If, on the other hand, he extends his risk management responsibilities in an attempt to evaluate and qualify all risks faced by the firm in terms of predictable relationships, he may find that he is an essential part of tomorrow's top team of professional business executives.

Measuring Risks

The risk manager's first step in extending his management functions is to refine his techniques for measuring risks. The literature of risk management contains a few rough-and-ready guides to the measurement of risk. Various methods are currently used to perform this function. One of the most consistent approaches has been suggested by Machinery & Allied Products Institute for its membership. It calls for the preparation of a definite schedule of exposures of the firm. Each exposure is assigned to a discrete frequency rating as follows: "Definite" (happens regularly); "moderate" (happens once in a while); "slight" (could happen, but hasn't), and "none" (could not happen). The exposures are then rated in terms of dollars of potential loss on a three-fold basis:

1. Annual expected loss. Estimate reflects the average annual recurring losses for each exposure which are currently being experienced. This estimate is applicable, of course, only to those exposures which have regular annual loss experience.
2. Maximum probable loss. Estimate reflects the largest loss which has a fair chance of occurring "more than once in 40 years."
3. Maximum possible loss. Estimate reflects the largest single loss which conceivably might occur "once in a lifetime of a business."

This method aims in a general way at securing an approximate measure of the total risk faced by the corporation both in terms of the frequency of losses and the extent and character of the losses which may eventuate. Such total risk is calculated by multiplying each loss which could possibly eventuate by the probability that this loss will actually eventuate, and then adding all these products.

More Scientific Basis

Mr. Rennie then outlined the nature and the use of these functions in corporate risk measurement. He did not attempt to minimize the practical difficulties or the complications of trying to calculate, or estimate, the probability of occurrence of losses or the amount of the separate possible losses as they apply to the average business firm. But the basic principles of probability and sampling theory are now well developed and widely accepted. Moreover, statistical inference provides the only possible techniques which can help advance risk measurement toward a more scientific basis in the future.

A recent study of the distribution of claims costs has raised serious questions as to the number of cases required for "100% credibility" in a number of casualty insurance lines. Four large samples of automobile bodily injury and property damage claims were selected in such a manner as to minimize the bias of unpaid claims. The distribution of these samples of claims suggests that the logarithm of costs is distributed normally. In other words auto liability claim costs appear to have a log-normal distribution.

One recent study shows that for BI the number of claims required so that the law of large numbers will assure a fully credible estimate of the popu-

lation average claim cost must be considerably larger than the number required for PDL claims.

National Bureau is said to define 100% credibility as credibility resulting from 1,084 claims. No distinction appears to be made between the credibility of BI and PDL claims when the same number of claims is employed. Mr. Rennie notes that the credibility of different types of claims differs significantly for the same sample size. It is also apparent that 1,084 BI claims cannot yield, even approximately, 100% reliability.

Thus, he said, risk managers must secure considerably larger samples of losses for certain types of risks than previously thought necessary if the law of large numbers is to assure sufficiently accurate estimates of the population parameters. But once having recognized this difficulty, there is no reason why they cannot proceed to estimate the probability distributions of loss frequency, loss cost, and pure premium for the significant risks of the firm.

This might be a difficult, time-consuming process but seems preferable to the present methods of risk measurement, which lack a consistent theoretical framework. The scientific method consists, above all, in the purposive assembling of data to test the validity of relevant hypotheses. Most branches of science now find that probability and statistics play a pervasive role in the advance of basic knowledge. Mr. Rennie opines that the use of statistical inference in corporate risk management can play a comparable role.

When the risk manager has made his best estimates of the parameters of risk, he must decide whether to ignore it, take steps to prevent it, deal with it as an unexpected part of expenses of operation, make financial preparation to meet it through self insurance, or insure against it. One or more of these methods, alone or in combination, must be used, and used consciously in each case.

Must Use Continuously

Of course, loss prevention programs must be continuously employed. At the same time, objective standards for choosing among the other methods of risk control need to be developed. The effective use of statistical estimation in risk measurement can help the risk manager decide which course of action will produce the best results.

If it is assumed, for example, that a baking company has 2,500 delivery trucks, it is possible for the risk manager to test the hypothesis that an observed difference in pure premium for PDL between its own fleet experience and that upon which its insurer bases its rates is a real difference arising from fundamental factors and not merely a difference that might reasonably be expected on the basis of chance variations. Subject to stringent assumptions, statistical theory enables him to test this hypothesis. The risk manager can also test in a similar fashion whether the difference between pure premium, if one exists, is the result of a difference between loss frequencies, the average loss cost, or both.

Can Tell What To Do

If he finds that his own fleet experience is significantly lower than the insurer's underlying pure premium assumptions, he may request a reconsideration of his rates, or he may decide to self insure. Decisions regarding self-insurance may turn on the probability distribution of the frequency and severity of losses, which are themselves a by-product of more rigorous risk measurement. If, for instance, the loss frequency variance is relatively small for PDL losses, the chance of having more than a specified number of losses is likely to be slight. Since the average PDL loss is relatively small, it would probably pay the firm to self insure.

On the other hand, the risk manager may find that his own fleet experience is not significantly different from the underlying pure premium of its insurer. But he may also discover that this result conceals a significantly low average loss cost. In this case, accelerated accident prevention programs might result in lower rates in the future.

It is even more important to know the distribution of severity of losses. The risk manager, for example, might safely self insure a risk whose variance is only $150. But self insurance

of auto BI losses, whose variance may approach $10,000, is another matter. Full insurance, or at least a moderate deductible with each occurrence of loss, would seem to be in order for smaller companies.

Frequency And Severity

The distribution of total losses caused by a given peril shows the risk manager the combined effect of frequency and severity. If average losses are $50,000 and the variance is $200,000, he knows that the chances of suffering losses in excess of, say, $100,000 are considerable. In this case, high aggregate limits of protection are called for. Conversely, if average losses had been the same, but the variance only $25,000, the chances of suffering such a loss would have been slight. In this case, self insurance might be in order, with an excess policy covering larger losses of slight possibility. It is assumed that the risk manager will test the difference between the mean and the variance of each of these distributions, and the same parameters for comparable risks as derived by a major insurer. If the difference between the parameter is significant, he should proceed cautiously with any policy action until he has further verified his data.

These examples indicate some of the potential applications of statistical methodology to risk measurement, Mr. Rennie observed. Risk managers may find considerable value in calculating the frequency distributions of losses within their own company.

The stability of those functions is of critical significance, he observed. If the frequency distributions of losses do not vary significantly over time, and the firm is of sufficient size for the law of large numbers to apply, statistical estimation should be an invaluable aid in measuring corporate risk probabilities.

Beginning Development

Scientific risk management within the American corporation is in the early stages of development, he concluded. Electrical engineering was at a similar stage when Count Volta decided that the process of measuring the relative electromotive force in two electrical wires by grasping them in either hand was no longer good enough. He set about to measure that force by precise and accurate calculations.

Scientific methods should be applied to the measurement of corporate risk in a comparable manner, Mr. Rennie believes. If, through the application of the techniques of mathematical statistics, the risk manager can measure the characteristics of losses and develop stable probability forecasts for future use, the major task will be done. When he has secured greater insight into the fundamental nature of losses, he can begin to develop the loss control programs which are so essential to the progress of risk management practices.

Pochter Joins Hosmer Agency As Partner

Irwin P. Pochter has been elected a general partner of R. W. Hosmer & Co. agency of Chicago.

I. P. Pochter

Mr. Pochter, a graduate of Illinois Tech. in fire protection engineering, is a charter member of Society of Fire Protection Engineers. He was the recipient of a special award in 1958 in connection with the coordination of rebuilding a totally destroyed plant of a major Chicago industry in a 30-day period after the disaster occurred.

For the past 12 years Mr. Pochter has been an account executive with Bartholomay & Clarkson agency of Chicago.

Carpenter Has Coast Unit With Higgins In Charge

Guy Carpenter & Co. has established a Pacific Coast department for all types of reinsurance, at 369 Pine Street, San Francisco. Stanley J. Higgins, who formerly operated as S. J. Higgins & Co., is resident vice-president. S. J. Higgins & Co. is discontinuing its reinsurance business, but Mr. Higgins will carry on the business formerly conducted by his firm in his new capacity with the Carpenter company.

Oregon CPCUs Elect

Oregon chapter of CPCU has elected E. W. Ramsten, American, president; William Brenton, American, vice-president, and Mark Sarris, Oregon General Agency, secretary-treasurer.

Pays Out Record Benefits

A record $126.7 million in policyholder benefits was paid out in 1960 by Mutual Benefit H.&A. This is $11 million more than 1959 and double that paid out in 1952.

Richard Enthoven and Justin Lee have been promoted in the home office of **Northwestern Mutual** of Seattle. Mr. Enthoven will specialize in reinsurance and Mr. Lee will devote his time to fire and allied lines underwriting. Both will be supervised by J. W. Pritchett, vice-president.

La. G.A. Expands Its Representation

Agency Management Corp., which was organized at Baton Rouge last year as a general agency, and which started with representation of the South Carolina in Louisiana, has completed its final contracts. It has been named underwriting managers of Audubon of Baton Rouge and will supervise underwriting and production in Louisiana for Commercial, Dubuque F.&M., Employers Liability (boiler and machinery only), Southeastern Fire, and South Carolina.

F. B. Toledano Jr., formerly state agent of Aetna Casualty, has joined the firm as manager for the greater New Orleans area. Prior to going with Aetna Casualty, he was with Eustis & Godchaux of New Orleans, and served three years as territorial inspector of Louisiana Rating & Fire Prevention Bureau. He is a former director of the bureau and is a member of the executive committee of Capital Stock Fire Insurance Assn.

Officers Named

Officers of the general agency are T. J. Singletary, president; M. S. Dougherty Jr., vice-president; A. P. Cunningham Jr., secretary, and Joel P. Ory, treasurer. Mr. Dougherty is president of Audubon and Mr. Cunningham vice-president. Mr. Singletary is president of Audubon Life and Mr. Ory secretary.

Zurich Advances Kelly To Assistant Secretary

F. M. Kelly, executive claim representative at Chicago, has been promoted to assistant secretary of Zurich.

He went with the company in 1949 as an adjuster, becoming assistant claim superintendent at Los Angeles, and claim superintendent at San Francisco. In 1959 he was transferred to the head office as executive claim representative.

Before joining Zurich, Mr. Kelly was with Ocean Accident & Guarantee and General of Seattle.

Mahood Hanover Director

Hanover has elected Roland W. Mahood, vice-president, a director. He joined the company in 1959 as a vice-president. Previously he was vice-president and investment officer of National Bank of Westchester.

In **New York**, Gov. Rockefeller recommended to the legislature that it extend workmen's compensation and statutory disability coverage to employers of one or more persons. The minimum presently is four.

CPCUs In Joint Meet With Canadian Fellows

The joint international seminar of Society of CPCU and Fellows of Insurance Institute of Canada will be held Jan. 26-28 at the Sheraton-Syracuse Motel-Inn, Syracuse, N. Y. The changing character of the business will provide the main theme of the meeting.

Participating in the section on marketing and service will be James McKee, Toronto, who will review the record. Frederick S. Applegate, South Orange, N. J., and William Toyne, Toronto, will discuss the servicing of commercial accounts. Bernard J. Daenzer, New York, will describe the new look in surplus lines, and Jack Neubauer, Newark, will analyze the new New Jersey surplus lines law and the new American market. Robert Catherwood, Toronto, will review changes in the London market for Canada. Changes in business interruption forms to make it more salable will be analyzed by Rudolf S. Christiansen, American Reciprocal Insurers, and Theodore Harper, with London & Lancashire in Toronto.

Subjects Listed

Norman Holzer, North America, and Ian McLean, Toronto, will cover methods a producer can use to meet competition, while Ira F. Weisbart, Jersey City, and Roly Harper, Toronto, will explore the ways in which producers can use such methods on personal and commercial lines.

The impact of change on insurer managements will be described by George M. Evans, American Casualty, and a general review of the business will be presented by John N. Cosgrove, associate editor of THE NATIONAL UNDERWRITER.

Garret W. Roerink, American, and Louis E. Crowe, with Employers Liability in Toronto, are chairmen of the seminar.

Midwest Auditors Elect

Richard Larsen, U.S.F.&G., has been elected president of Midwest Insurance Auditors' Assn. in Chicago. Other officers are Ralph Walker, Kemper companies, vice-president; Charles Snyder, Atwell, Vogel & Sterling, secretary; and Ralph Bemis, Liberty Mutual, treasurer.

The **Bjornson agency** of Moorhead, Minn., has purchased the insurance business of Ralph Slosser. The Bjornson agency is a result of the consolidation of Far-Mor Insurance Service and Far-Mor & Co. and the acquisition of the income tax service of John E. Wood and the Leo Johnson agency of Fargo, N. D.

Specialists To Take Part In N. Y. Course On Reinsurance

For the second semester of the reinsurance course of the school of insurance of Insurance Society of New York, Edgar C. Werner, vice-president Pritchard & Baird, New York reinsurance intermediaries, and the course's instructor, is presenting a series of lectures by recognized authorities in the several fields of reinsurance. These are to be in addition to the regular analysis of reinsurance contracts, technical and practical aspects of contract preparation, underwriting practices, and markets. Mr. Werner has had 30 years of company and intermediary experience.

About half of the 15 sessions, beginning Feb. 6 and running to mid-May, will consist of special presentations by authorities. Among those who will participate in the lectures are Walter J. Coleman, vice-president Reinsurance Corp. of New York, who will discuss fire excess; H. J. Lender Jr., assistant secretary Excess & Treaty Management, surety reinsurance; John A. Sellon, vice-president American Re, casualty reinsurance, and James Wilson, treasurer American Re, reinsurance accounting.

Other subjects which will be treated by individual specialists are ocean marine, aviation, and life reinsurance.

The normal requirement for the second semester of the course (designated general insurance No. 43) is to pass the first semester or to have the equivalent in reinsurance experience. However, because of the interest expected to be generated by the lectures, those who wish to attend the second semester and who do not meet the regular qualifications are asked to check with Mr. Werner and the dean of the school at 225 Broadway, New York 7.

The committee in charge of the reinsurance course is composed of Philip B. Cadman of Royal-Globe, chairman; George H. Baird of Pritchard & Baird; Walter E. Beeson of Great American; J. A. Munro of the Munro group of reinsurers; Mr. Sellon, and Edward G. Trimble of Employers Re.

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Geo. F. Brown Names Two

Geo. F. Brown & Sons general agency, Chicago, has appointed John P. Ritter manager of the production department and Norbert J. Bishop assistant manager. The appointment also applies to the two companies managed by the agency—Interstate F.&C. and Chicago. Mr. Ritter, with Brown since 1955, was formerly with New Amsterdam Casualty. Mr. Bishop, with the agency three years, has been in the insurance business 11 years, six with Johnson & Higgins at Chicago.

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Transamerica Seeks Last 7% Of American Surety

Transamerica Corp. will offer minority stockholders an exchange of two shares of Transamerica's authorized but unissued stock for each three shares of American Surety. Transamerica acquired approximately 93% of American Surety as a result of an offer last year at the same exchange ratio.

The offer will be made on or about Feb. 15 and will remain open for approximately 40 days, contingent upon meeting all legal requirements.

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Asks Federal Anti-Trust Look At Nuclear Pools

(CONTINUED FROM PAGE 1)

sumer's system. The latter holds that since the government owns the reactor and it is covered by government nuclear hazards indemnity, only conventional property coverage was necessary on the equipment being installed by Consumers. However, Consumers maintained that such coverages could not be bought from any individual insurer and that the all risk package, including nuclear protection, was the only insurance available.

American Public Power Assn., in a letter to the two federal agencies, said that although the complaint involved only nuclear property coverage, a similar lack of competition seemed to exist with respect to nuclear liability insurance. The association said that local publicly owned utilities participating in a power reactor demonstration project should neither be required to take coverage not needed nor to pay additional insurance cost which did not appear justified. Such costs of non-federal investments on the site of a federal reactor should be paid by the AEC, the association said.

The association also expressed opposition to a proposal now pending before the AEC to increase the minimum amounts of private liability insurance which reactor licensees must purchase to obtain indemnity under the Price-Anderson act.

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Emett & Chandler, Los Angeles broker, has appointed John R. Patchett vice-president and Paul J. Tritt controller. Mr. Tritt has been chief accountant, and Mr. Patchett has been in the production department and before that with Liberty Mutual.

Seek Higher Auto BI, PHD Rates In Texas

Automobile insurers are seeking an increase of 4.2% in collision rates and 17.5% in medical payments rates in Texas. Their case was presented at a department hearing last week by Samuel Winters, Dallas attorney, for Texas Fire & Casualty Insurance Companies Assn.; J. D. Squibb spoke for Texas Automobile Service Office; Merle Tripp, Texas Fire & Casualty Companies; R. B. Cousins, Dallas attorney, and J. F. Stephens, Employers Casualty.

The company men observed that claim frequency is down and costs are up, and without the decrease in claim frequency the needed increase would be 20% higher.

Mr. Stephens observed that 33 states have higher automobile rates than Texas.

A second to the plea was offered by J. Grant Jones, Abilene, chairman of the casualty and surety committee of Texas Assn. of Insurance Agents, who stressed the danger of a restricted market for auto insurance and the adverse effect such a restricted market has on local agents.

The principal cause of the request for higher rates is the fact that more motorists (nearly 70%) have qualified for discount under the merit rating system than was originally estimated. It was thought only 57% would receive discounts.

St. Paul F.&M. Plans To Widen Participation In Its Profit Sharing

Stockholders of St. Paul F.&M. at their annual meeting in February will vote on a proposal to extend the company's profit-sharing plan to an additional 744 employes. At present more than 940 employes of more than one year's service who are not eligible for overtime pay are participating in the program. The new group would include employes with five years of service or more who are subject to overtime pay.

Another amendment would increase the company's contribution to profit-sharing from 5 to 7.5% of combined adjusted net profits. This would include underwriting and investment earnings of St. Paul F.&M., St. Paul Mercury and Western Life.

The plan takes effect whenever operating results for the year and for the two previous years exceed 10% of capital and surplus. The proposed changes would go into effect immediately, with payments first made to new participants early in 1962.

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To Visit Missle Plant

Southern California-Arizona chapter of Society of Fire Protection Engineers on Jan. 16 will take a field trip to the Convair astronautics missile plant in San Diego. Members living in San Diego are in charge of arrangements.

Chicago Burglary Underwriters Elect Peterson President

Robert Peterson, American, has been elected president of Chicago Burglary Underwriters Assn. succeeding George Schramm, Fidelity & Deposit, who becomes executive committee chairman.

Joseph Radcliffe, Employers Liability, was named program vice-president, and Paul Wagner, U.S.F.&G., arrangements vice-president.

Edward J. Robins, Continental Casualty, is the new treasurer, and Harold L. Bredberg, Bredberg Reports, was renamed secretary for the 21st consecutive year.

Varied Policy Forms Could Pose Problems

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that companies cannot make their policies "simpler" but probably will be faced with making them longer and more complex through the necessity of adding words to meet the exigencies of a given situation.

If Mr. Foster is correct, the prospect of longer and more complex policies together with novel twists adopted by individual companies should pose some interesting perplexities for courts. But that is only one consideration in the growing confusion of varied forms. Underwriters, agents and adjusters are finding it increasingly difficult to evaluate the basic intent of some forms. They are perplexed by ambiguities, and minor variations in perils, exclusions, provisions and conditions. If they are confused, how must the customer feel?

While property covers have reflected the most numerous changes, third party considerations have been involved in some of them. With motel forms and packages including liability for other homogeneous commercial classes being issued by many companies and by bureaus, the prospect for a reduction in confusion does not seem too bright.

It has been suggested in some quarters that a central committee be set up in the business to help establish some uniformity in the wording of policies in the interests of clear meaning and intent. The suggestion is good, but it is difficult to see how such a setup could accomplish much when individual companies—spurred on by competition—are concentrating on differences in their forms. In fact, companies of all types are drawing farther and farther away from group action in most phases of the business, and it becomes obvious that policy wording is one major phase where each company is determined to assert its individual prerogatives. The price of such individuality is likely to be high in terms of disputed claims, legal costs, and poor public relations for the individual company and for the entire business.

Springfield-Monarch Promotes Sorenson, Lewis, Marsh, O'Keefe

Springfield F.&M. has promoted Frank I. Lewis Jr. to general adjuster, Thomas J. O'Keefe to superintendent of casualty claims, Christopher Sorenson Jr. to superintendent of processing and Thomas I. Marsh to superintendent of recoveries.

Mr. Lewis, formerly assistant superintendent and assistant general adjuster in the eastern department, now has countrywide supervision of property claims. He was with General Adjustment Bureau for seven years before he joined Springfield-Monarch in 1954.

Mr. O'Keefe, who has been attached to the eastern departmental office staff as assistant superintendent, now has countrywide supervision of casualty claims. He joined Springfield F.&M. in 1951, having previously been claims manager at Minneapolis of American Casualty.

Mr. Sorenson's new duties include countrywide supervision of processing property and casualty claims. He joined the group in 1945 and has served as superintendent of property and casualty claims in the eastern department.

Mr. Marsh, formerly superintendent of subrogation in the eastern departmental office, now has supervision of property and casualty recoveries countrywide. He joined the companies in 1929.

Aetna Casualty Raises Wilson At San Francisco

Jerome W. Wilson has been advanced from manager to general manager of the San Francisco office of Aetna Casualty. The appointment is in connection with unification of the company's casualty, fire and marine operations.

Mr. Wilson joined the company at St. Louis in 1937. He was manager at Louisville four years before being transferred to San Francisco where he was named manager in 1958.

Massachusetts Bay of Boston has been licensed in Oregon.

Life, A&S May Pay Most Of Air Crash

(CONTINUED FROM PAGE 2)

life and accident, to increase the $8,112,000 total.

Massachusetts Mutual Life reported early that six of its policyholders were killed. Total coverage was $838,000, with two policies on one insured accounting for $700,000. Mutual Benefit Life had one policyholder killed who carried $550,000. Mutual Life of New York had five policyholders for a total of $364,000. Part of the life company payments were for double indemnity. Travelers was involved in every way—life, A&S, and hull and liability, both passenger and property damage. Connecticut General's bill is said to be a good sized one with life and a considerable amount of group. Metropolitan Life had a dozen or more policyholders killed, Prudential 20 or more, New York Life six, Equitable Society nine.

The hull of Trans-World Airline Constellation was valued at $750,000. That was insured. Liability for passengers, for those killed in Brooklyn as chunks of the jet plummeted to earth, for those injured on the ground, and for the property destroyed, will, of course, not be known for a considerable time. The first suit filed for a passenger death was for $2 million.

However, one estimate places the total liability for passenger deaths at $6.5 million and the liability for deaths, injuries, and property on the ground at $1.5 million. This adds up to $8 million—$8,750,000 including the TWA hull—and if the figures come close to the final tally, will be under the total life-A&S commitment.

U.S. May Pay Part

It is possible that the federal government may end up paying part of the bill since its Federal Aviation Agency directs employes at airport towers. It has been suggested that the airliners that collided may not have had proper directions. In the 1949 collision over Washington, D.C., of an Eastern Air Lines DC-4 and a fighter plane, federal ground personnel were held to have been negligent, along with the Eastern pilot, and the federal government shared in the settlement of claims growing out of the crash. That liability of the government was upheld by the Supreme Court.

If something of this sort develops, it will further reduce the total for the commercial insurers.

The aviation market, here and abroad, had a bad 1960. A Viscount crashed in Virginia in January, an Electra exploded over Indiana in March, a Convair crashed in Brazil in June, and French super-Constellation went into the sea off Dakar in August, an Electra crashed at Boston in November, and a turbo-prop plane went down in Ecuador in November.

American Home Raises Three At Philadelphia

American Home at its Philadelphia office has appointed Herbert Craig Jr. manager, Arthur O. Nibling district sales representative, and Robert O. Hartfield office manager.

Mr. Craig had been a field man for 10 years prior to joining American Home in 1957 as Pennsylvania special agent.

Mr. Nibling had experience in claims, underwriting, engineering and as a field man and agent before he joined American Home in 1957 as special agent at Philadelphia.

Mr. Hartfield has been in the business for 20 years as a casualty underwriter and was senior underwriter in an agency for two years. He joined American Home in 1957, and has been casualty superintendent at Philadelphia.

Owosso (Mich.) Assn. Of Insurance Agents has elected James Hahn president. Other officers are Donald Craig, vice-president; Mrs. Ruth Ellis, secretary; and Harold Lyon, treasurer.

Insurance Not Low-Paying, Data Shows

(CONTINUED FROM PAGE 1)

wage and salary workers in 1955 in the agents-brokers-services area are in the $8,400 and over class, only 12.6% of those employed by insurers fall in this category. If self-employed are added to four-quarter wage and salary workers in the agents-brokers-services industry, the proportion of all in the $4,200 and over class falls to 57.7% from 65.4%. However, the proportion in the $8,400 and over class rises from 17.6% to 20.8%.

Both company and non-company insurance employment ranks very high among all industries in the proportions of employes in the $8,400 and over class. The agents-brokers-services group is topped by only four other industries—holding and other investment companies, security and commodity brokers, radio broadcasting and TV, and combinations of real estate, insurance, loans and law. These four come ahead of the insurer employes plus legal services, air transportation, miscellaneous services, and wholesale trade except merchant wholesalers.

Agents-brokers-services employes in insurance fall within the top 1% of American industry in proportion of male four-quarter wage and salary workers in the $8,400 and over class, Mr. Bakerman reported. The insurer employes fall within the top 4 to 5.2%.

Mr. Bakerman pointed out that in 1955 there were 74,300 self-employed in the agents-brokers-services part of the business, exclusive of 20,000 who were both self-employed and wage or salary workers in this area. In addition, apparently there were quite a number of agents classified in the insurer category. This should be kept in mind in any interpretation of the date, he said.

Mr. Bakerman noted that a potential for the development of much more useful information lies in the unpublished raw data of the bureau which must be collected as part of its normal operations. Whether unpublished bureau data can be made available for analysis outside that agency is still moot. However, the same purposes could be achieved by analysis by the bureau itself, with the results being made available. In either case the work would require funds of a size yet undetermined.

Experimentation to determine what lines of investigation yielded useful results, with consequent additions and discards, would be necessary for a going program, he suggested. He outlined a few of the types of studies that could be attempted:

Dispersion of earnings in intervals above $8,400; earnings by geographic area; earnings by age, race and sex; earnings patterns by industry of previous attachment and industry of subsequent attachment.

Also, patterns of individual progression in earnings; earnings in the component parts of the insurer and in the agents-brokers-services area; movevent of personnel from one part of the industry to another; determination of other industries from which persons are attracted to the insurance business; determination of the industries which attract those who leave the business, and differences in mobility in the parts of the business.

One need, before extensive research, Mr. Bakerman said, is to classify more carefully types of employes, since a large number commonly thought of being in agents-brokers-services are reported under company employes.

Harry McClain Named Indiana Commissioner

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of Insurance Agents. Its conventions achieved national notice for the remarkable attendance (for a number of years Indiana had more people at its conventions than NAIA), and Mr. McClain always kept the proceedings moving at a fast pace with an agenda that contained something to appeal to all types of members.

Gov. Handley, in his farewell address to the legislature last week, said he would like to see the insurance department get a larger appropriation. There have been criticisms that the department has been operating under antiquated laws and that the administration has not been forceful enough. Mr. McClain, certainly, is a man who thinks for himself and who is not afraid to take a position. He is noted for that. It can be expected that the conduct of department affairs under Mr. McClain's administration will be vigorous and purposeful.

Non-Members Buying Manuals At Higher Rates, Bureau Says

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ucts and information," another stated.

The bureau reported that several independent companies whic h have become manual purchasers have done so for lines of insurance and states where the particular company does not make its own rates and prepare its own manuals. In most instances members of other rating organizations operating in the casualty field have elected to purchase National Bureau manuals only for lines and states in which the rating organization to which they belong is not licensed. In these cases the assessment basis is consistent with the limited use of the bureau's manuals.

May Use Library Copy

Special arrangements have been made for members of other rating organizations to avail themselves of countrywide National Bureau manuals for reference and research purposes by receiving a library copy of the manual upon payment of a fee of $100 covering all lines and all states. The bureau continues to exchange manuals with these other rating organizations as a matter of information for the bureau as well as the other rating organizations. This manual exchange procedure for information purposes also takes place with several companies preparing and publishing their own manuals which are independent of any rate making organization.

In introducing the new charges, the bureau explained that manual preparation expense constitutes a major portion of its budget and that the revised program for manual service is designed to spread the cost of manual development more equitably among all companies which benefit from it. In the past bureau members and subscribers have borne completely the cost of bureau maintenance. Companies operating independently of the bureau have paid for manuals on a basis related to printing costs only. Many of these companies used the manuals to make rate filings with state insurance departments, to provide their agents with rates and for other purposes, without contributing to the other substantial costs of manual production.

Consider Open Type Rate Filing Bill In Tenn.

Several Tennessee legislators now are exploring the possibility of introducing a bill to change rate regulation in that state to the open, no-prior-approval basis. Both the Sen. O'Mahoney proposal for District of Columbia and that of National Assn. of Independent Insurers are being studied.

Support for a change apparently grows out of the current effort of both bureau and non-bureau insurers to get automobile liability rate increases in Tennessee. Commissioner John Long turned down the latest filing several weeks ago, as he had turned down a previous filing for increases.

Use Agency Filings In Wash.

The Washington department has approved the first "agency" filings by Washington Survey & Rating Bureau on behalf of its subscribers. The filings were submitted for Corroon & Reynolds group, General of Seattle and First National. They are deductible plans identical to that of Chubb & Son.

Buyers Told How To Handle Employe Dishonesty Losses

An insurance buyer and a casualty claim man teamed to present Cincinnati Area Insurance Managers with a series of suggestions about dealing with blanket fidelity bond claims. Hilliard J. Fjord, assistant treasurer Western & Southern Life, and Stanley Rosic, claim supervisor Aetna Casualty, spoke before the local chapter of American Society of Insurance Management at a regular luncheon meeting.

Both urged notification of the bonding company promptly as soon as an irregularity turns up or even becomes a probability. Both also cautioned against ironing things out, or attempting to, before letting the company know. Mr. Rosic pointed out that permitting a dishonest employe to sign a note for restitution radically alters the relationship existing between employer and employe, hence seriously impairing the position of the surety. Once a note is accepted, Mr. Rosic said, it becomes a debtor-creditor arrangement, a monetary debt, with the defaulting employe then in the position of being able to go into bankruptcy

Problems Of Taking Note

Sometimes, according to Mr. Rosic, a note will be worked out between employer and employe, with a schedule of payments. Ultimately, the ex-employe will fail to keep up the payments, sometimes even disappear, and the employer will then look to the bond company for payment. At this point, the loss is one of indebtedness, and the company can refuse to become involved with it.

Mr. Fjord, who is president of the Cincinnati managers group and a director of ASIM, counselled getting a fresh and thorough audit of the office where an irregularity turns up or is suspected. This should be done, he said, even if an audit was completed there only weeks ago. Many routine audits these days are necessarily quite summary, he stated. On the special audit, the accountants should know that they are looking for possible trouble, in which case they will go into everything extra thoroughly.

Related to the wisdom of a prompt and careful audit, Mr. Rosic had earlier pointed out that the job of establishing and proving the loss is that of the insured—obligee—not that of the bonding company. He described how bond claim men apply their expert knowledge in investigation, but noted that it is not up to them to bring in the accountants for the sometimes costly job of determining the nature and amount of the loss.

Mr. Fjord believes it is important to fire the responsible employe, not just the actual culprit, but often even the supervisor or fellow employe whose negligence may have contributed to the loss. He also advised care about keeping tabs on the ex-employe and his relatives. Otherwise, he may disappear and be unavailable for further information.

Mr. Rosic reminded the managers of the bond provision voiding coverage as to any employe of whose dishonesty the employer learns, whether prior to his current employment or currently.

The offending or suspected employe should be interviewed right away, Mr. Fjord suggested. The interview should be conducted on the premises and definitely during business hours. Otherwise, the employer is risking a suit for false imprisonment. Often, he said, it is well to have the claim man present for the interview. The interview should be frank and straightforward, but the competence of the interviewer is essential, for seeming intimidation will bring in the unions, not to speak of possible suits based on alleged slander. Mr. Rosic reminded the buyers that most forms of libel and slander liability insurance do not cover claims by employes. It was suggested the possibility of seeking an extension of the coverage be investigated by those who were nervous on this score.

Soon after putting the auditors to work, notifying the bond company and interviewing employes, the insurance manager should get down to business on prepration of the formal proof of loss, Mr. Fjord said. He also emphasized the importance of a feeling of trust and confidence between the insurance manager and the bond claim representative. Each should know plenty about the business of the other. Further, the claim man should be satisfied with the employer's hiring policies, particularly precautionary features like signed applications for employment, careful investigation of references, etc.

In a question and answer session following the presentation of Messrs. Fjord and Rosic, considerable attention was devoted to the business of restitution, criminal prosecution, etc. Though the surety sometimes recommends criminal prosecution, there are cases in which restitution is more probable if this is omitted. An embezzler who is sentenced or given probation often feels that he has "paid his debt" by serving his sentence or his probationary period and he and his relatives feel less compelled to repay the stolen funds. However, one insurance manager said he deplored any decision not to notify police of an incident of employe dishonesty. This, he said, amounts to neglecting an important civic responsibility. If, after notifying enforcement authorities of an irregularity, the employer decides against signing a complaint, that is "his business," since the prosecutor has the right to take whatever action he deems necessary. But, such information should not be withheld from the authorities.

Mich. Supreme Court Hears Arguments In Michigan Surety Case

LANSING—The Michigan supreme court last week heard oral arguments in an appeal from an Ingham County circuit court decision last April returning to the directors control of Michigan Surety after it had been placed in a custodianship through departmental action.

The court took the issue under advisement after hearing counsel for the company argue as to whether Michigan Surety is, as alleged by Commissioner Blackford, "hopelessly insolvent."

Maurice M. Moule, assistant attorney general appearing for Mr. Blackford, contended that the solvency is not the only issue at stake. He maintained that "inter-corporate control," permitting manipulation of assets throughout several corporations headed by Mark Kroll of Cincinnati, constitutes a "hazard to the insuring public." He said Michigan Surety is vulnerable to such manipulation so long as it is permitted to operate under its directorate, although Kroll, who owns a majority of Michigan Surety's stock, was ousted from his official connections with the company last year.

Clayton F. Jennings, Michigan Surety counsel, told the court that the company "has always met its obligations" and he denied that it had "suffered because of the inter-corporate structure." Richard B. Foster, another company attorney, admitted Mr. Daughterty's contention that assets had diminished appreciably in recent years but denied this had resulted in actual insolvency. He contended state standards in judging admissibility of assets were excessively strict.

A decision on the appeal is not expected for several months. Meanwhile Judge Louis Coash's order continuing the company under its directors' control will remain in effect.

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London Re Formed

London Re has been established by General Re of Amsterdam, which is the parent company of General Life Re of Amsterdam and Hollandia Re of Cape Town. London Re starts with capital and surplus of £250,000.

Says Customer Will Confer Victory In Distribution Battle

(CONTINUED FROM PAGE 5)

on hysteria, to judge the important issues.

It would be easier, he said, and far more popular, to sympathize with the crepe hangers, and to lament the plight of the abused local agent. His commissions have been reduced, automobile plans lack uniformity, his share of the personal lines market constantly is shrinking, and the federal government is threatening to take a larger role in insurance regulation.

Agents Have Fallen Short

But, Mr. Harger said, it would be a major mistake to take this line. He feels strongly that "agents have fallen short in their contribution to the insurance industry—in leadership and in constructive and objective thinking." This part of the business needs leadership and constructive thinking from agents now as never before, he declared.

Certain basic laws of economics inexorably operate in a free economy, he said. They work just as certainly in insurance as elsewhere in any other business, whether agents want them to do so or not. These economic laws are not going to stop operating simply because agents and agency companies ignore them.

Take Necessary Steps

The thing to do, Mr. Harger said, is for agents to see how the economic laws do affect their business, then take whatever steps are necessary—not just to defend but to capitalize on them. "We should figure out what is going to happen and make the very most of it."

He cited the "overworked" analogy of the replacement of the local grocery by the supermarket. Who made the decision as to which marketing system was to prevail? Who was the judge who decided the supermarket was to replace the local grocery?

The person who was spending the money, the customer, he pointed out, and not the local grocer, the supermarket operator, or the manufacturer of the products they sold. Mr. Harger suggested that "we apply this same lesson to our business. In any question involving two or more insurance choices, it is the person who pays the premium who will make this decision. Conversely, neither the multi-company agents, nor the exclusive agent companies, nor the bureaus, nor the insurers, are going to have the final voice in the decision."

Issues For Decision

The policyholder ultimately will decide the issue of merit rating, direct billing, special auto policy, payment plans, all lines insurance, bureau vs independent action, reduced commissions, and independent vs captive agent. He thinks agents would be wise to make the opportunity to counsel and advise the policyholder before he makes his decision because he alone will decide the future of the agents.

Independent agents and the companies they represent have let their thinking become almost inbred by discussing important insurance questions only as they affect themselves. Too often, these agents and their companies have ignored the public's wishes and what it thinks. Yet it is the public who will decide their future.

The supermarketeer was a local grocer who studied customer buying preferences and tried to change his store to satisfy these preferences. He adapted his store to his customers, rather than waiting till they changed their preferences to suit his store.

Mr. Harger urged agents to learn customer preferences in insurance and then try to satisfy them. He suggested looking into retailing, into other service fields, and even at competitors, the direct writers, to find out what the public wants in insurance. He said he expected to be criticized for suggesting adoption of the good points of the direct writers as violating the principles of the agency system.

Change It Must

But, he added, the well-intentioned but ambiguous term, "principles of the American Agency System," may have done more to impede the progress and damage the system than all the direct writers have been able to do. The system has been in transition since it started. Evolution in marketing is inevitable, for, as the influencing factors change, the marketing system must change if it is to continue to perform its function.

There are not, he indicated, as many differences between the agency system and direct writing as has been supposed. For example:

—Compensation. The independent agent always has been compensated by commission while the exclusive agent traditionally was a salaried employe. But nearly all direct writers have adopted the commission form of payment—few still have salaried salesmen.

—Issuance of policies. Traditionally, the general agent, forerunner of the local agent, issued policies. The captive agent never did. But today the independent agent seldom issues general liability, burglary, aviation, marine, and A&S policies. Yet at least one of the larger direct writers has its agents issue all new automobile policies.

—Extension of credit. The direct writer was strictly cash and carry while independent agents prided themselves on granting credit as a service. While neither has completely reversed its original stand, many independent agents are substantially reducing their accounts receivable and coming close to cash and carry, while a few direct writer agents now are granting credit.

—Independent vs employe. In the past, direct writer agents were employes; the independent agent was self employed and legally an independent contractor. The competition has adopted the agency system on this point. Agents of one large, direct writer have been declared independent contractors by National Labor Relations Board.

—Expenses. Historically, the independent agent paid all of the expenses he incurred and the expenses of the direct writer agent were paid by his company. Today in Cleveland at least two large agency system companies furnish offices and many other expense items to its agents. It is common, at least in Mr. Harger's county, for the direct writer agents to rent well-located offices at their own expense. Advertising is another expense on

Walker Promoted To Education Director Of America Fore Loyalty

John B. Walker has been appointed education director of America Fore Loyalty group. He succeeds Thomas W. Buckley, retired.

Mr. Walker entered insurance with Ocean Accident in 1928. He joined America Fore in 1931. He was named manager of the home office survey department in 1953, and assistant superintendent of the inland marine department of the fire companies in 1954. He has been assistant superintendent of the education department since 1956.

He is a past president of New York chapter of CPCU and has been a director of the national society of CPCU since 1958. He became regional vice-president of the society on Jan. 1. He has taught CPCU courses at the Insurance Society of New York.

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A **New Hampshire** bill would prohibit cancellation of auto liability policies except on request of insured "unless the company has reasonable grounds." The measure leaves it up to the motor vehicle commissioner to decide what constitutes reasonable grounds.

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Charles J. Bissell of C. S. Bissell & Co., investment brokers, has been elected a director of Travelers to fill the vacancy caused by the death of C. Luther Spencer Jr. Mr. Bissell was with Travelers from 1915 to 1928 and was assistant auditor when he resigned to form the investment firm.

which traditional practice has been altered. In fact, substantial companies in each camp have adopted cooperative advertising plans which are very similar and in which the expense is shared by company and agent.

—Initial loss report. While the independent agent used to make the first report of loss in every case, some agency companies have put adjusters in the offices of the more substantial agents, and these adjusters make the original report. At least one large direct writer has established the policy that no adjuster may accept a loss until it first has been reported to the producing agent. Neither system unanimously has adopted the other's practice in loss procedure, but there certainly have been some changes on each side.

Ownership Of Expiration

—Ownership of expirations and exclusive representation. Neither distribution system materially has altered its original attitude on these subjects. However, at least one direct writer has a contract giving the agent ownership of expirations but calling for exclusive representation. Also, at least one direct writer offers its agents very substantial retirement and severance benefits. Others probably do something similar. Independent agents feel this is a poor substitute for expiration ownership. Yet obviously this is an attempt to offer exclusive agents at least some of the advantages and values independent agents have in owning expirations. These benefits are tied directly to the agent's production, Mr. Harger understands, and rival or exceed the compensation independent agents would receive for the sale of their agencies. While there is a current trend, which Mr. Harger believes will continue, of representing fewer companies than in the past, he does not believe independent agents will ever give up the right of multi-company representation.

Thus each system has adopted some practices of the other when it has believed the change would be an improvement. This is inevitable, and, Mr. Harger thinks, proper. The advantage of a free economy is constant improvement, whether the idea is original or not. The public benefits by a better product or service, often at a lower cost. The producer benefits by having more business, or more profit, or both. This is basic.

"If we think objectively and constructively, with imagination, and without bias and emotion, our system will not only be the best, but it will move even further ahead of its competition," he declared. However, this will take hard, objective thought and bold leadership.

Mich. Blue Cross, Blue Shield Need Money

Michigan Blue Cross and Michigan Blue Shield are both operating in the red and will file applications for rate increases with Commissioner Blackford next week.

W. S. McNary, executive vice-president of Blue Cross and L. G. Goodrich, executive vice-president of Blue Shield, said separate but simultaneous filings will ask for approval of rate adjustments effective April 1 which are designed to return both plans to a sound financial state and maintain stable rates for at least two years. Increases will be requested for all coverages except the special non-group senior contract first offered in 1959.

Commissioner Blackford said that he intends to hold hearings on the rate proposals before approving any increases.

Michigan Hospital Service was granted its last rate boost Jan. 1, 1959, but Michigan Medical Service got an 11.5% "compromise" increase last May. In both cases the increases granted were less than those requested.

Meanwhile, Community Health Assn., formed by the United Auto Workers union, has started to function as a competitor in the health care field in the Detroit metropolitan area. So far, it has few members, approximately 100, but the General Motors Chevrolet division gear and axle plant may come under the plan with its 9,400 union employes if a favorable vote for the program is obtained at a sanctioned election Jan. 16-17. The C.H.A. plan is confined to a single hospital, Metropolitan, but it includes in its service preventive health care and comprehensive diagnosis and full medical and surgical care through a "team" of specialists.

Grubbs Named President Of Fidelity Title Ins. Co., New Nebraska Company

William E. Grubbs, outgoing Nebraska insurance director, has been named president of a new Nebraska company—Fidelity Title Ins. Co.

Articles of incorporation and application for license have been filed for the company, whose main purpose will be the issuing of title insurance policies and accessory title services. It has an authorized capital stock of $500,000.

Other officers include Sidney H. Sweet, executive vice-president; Bennett S. Martin, treasurer, and Edward M. O'Shea Jr., secretary. Edward T. Gardner, with 20 years in the title insurance business, has been named a vice-president and will act as special consultant.

Seattle GAs Merge

The Armstrong general agency of Seattle and the George C. Newell Co. of Seattle, have merged, and the combined facilities will be serviced from the Newell Co. location at 204 Denny Way.

A. O. Armstrong has announced his retirement from the insurance business. Fred Armstrong and John Giseburt of the Armstrong staff are joining George C. Newell Co. as special agents.

Buffalo Names Baldwin, Connor In Claim Posts

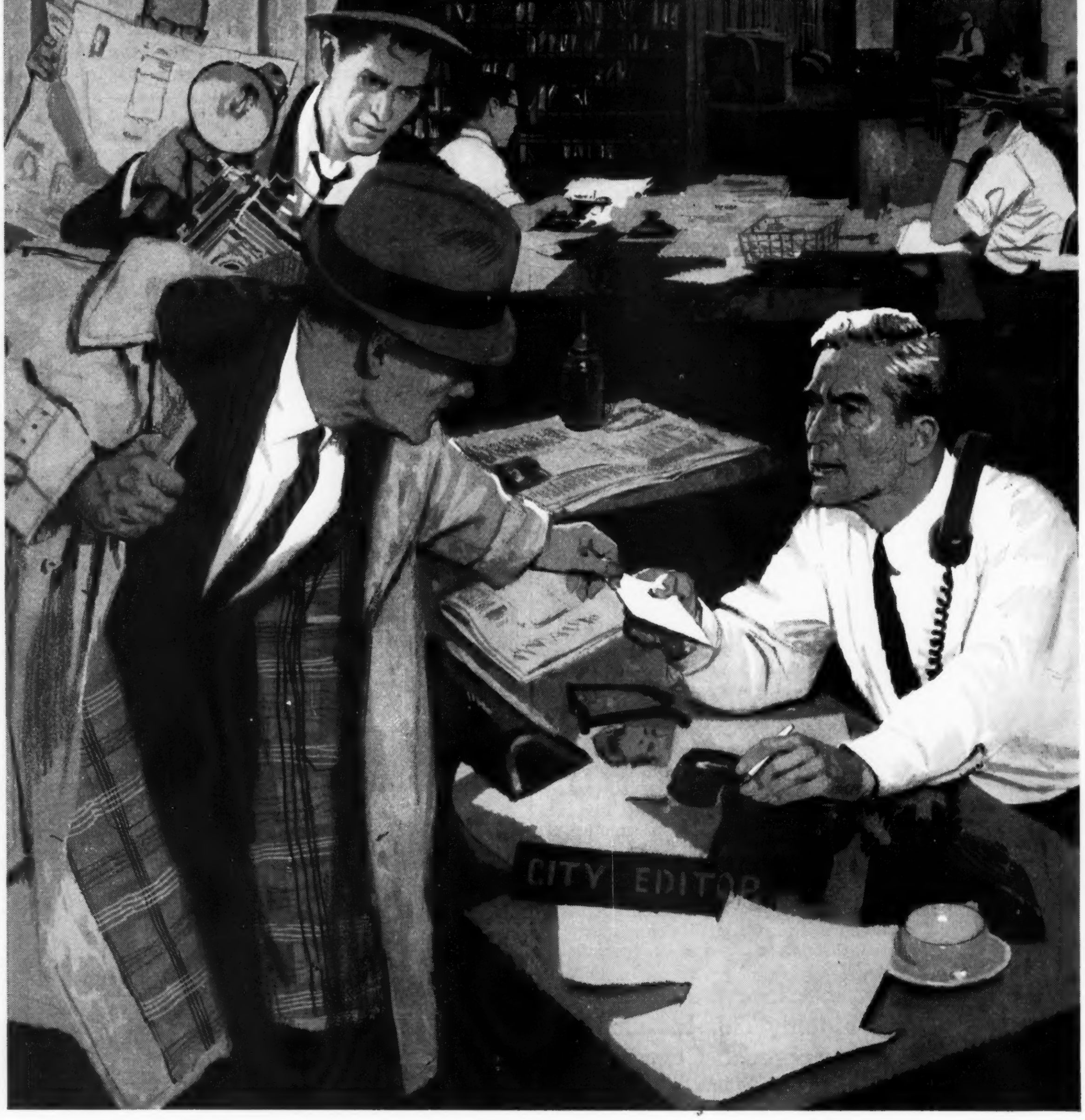
Buffalo has appointed Donald J. Baldwin assistant manager of the home office claim department and Robert S. Connor to the home office claim department supervisory staff.

Mr. Baldwin joined the company in 1959 and has been active in administrative and supervisory claim assignments at the home office. Mr. Connor was formerly with Standard Accident at its home office and Detroit branch and for the past six years as claim manager at Rochester.

Chicago Mariners Elect Carl Cichon Skipper

Chicago Mariners have elected Carl Cichon, America Fore Loyalty, skipper.

Francis M. Mitchell, St. Paul F.&M., is the new first mate; William Wert, National Fire, purser; Richard Vong, Millers National, master at arms, and Harold L. Bredberg, Bredberg Reports, yeoman.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